



# Farm Assessment Review Panel

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# 2009 Report

July 31, 2009



## TABLE OF CONTENTS

	<b>Page</b>
<b>1. INTRODUCTION-----</b>	<b>2</b>
<b>2. MESSAGE FROM THE CO-CHAIRS-----</b>	<b>3</b>
<b>3. EXECUTIVE SUMMARY-----</b>	<b>4</b>
<b>4. OVERVIEW OF THE FARM ASSESSMENT REVIEW PANEL-----</b>	<b>7</b>
<b>5. INTERIM RECOMMENDATIONS – JUNE 2008-----</b>	<b>8</b>
<b>6. PUBLIC CONSULTATIONS AND SUBMISSIONS-----</b>	<b>8</b>
<b>7. KEY GOALS, STRATEGIES AND RECOMMENDATIONS-----</b>	<b>10</b>
<b>8. APPENDICES-----</b>	<b>19</b>
<b>A - List of Panel Members</b>	
<b>B - Public Consultation Session Summaries</b>	
<b>C - Summary of Public Input</b>	
<b>D - Submission Statistics</b>	
<b>E - Background Research and Publications</b>	



## **1. INTRODUCTION**

In February 2008, Government announced the appointment of the Farm Assessment Review Panel (the Panel) to conduct broad based public consultations on the policies, procedures and statutory framework applied to the assessment of farms. The Panel's mandate included a Final Report to Government by July 31, 2009. This Report outlines the activities of the Panel since its formation and provides recommendations to Government.



## 2. MESSAGE FROM THE CO-CHAIRS

July 31, 2009

Honourable Bill Bennett  
Minister of Community and Rural Development

Dear Minister:

We are pleased to present the Panel Report to the Government of British Columbia. This Report outlines the activities of the Panel since February 2008 and summarizes the results of the public consultations and Panel meetings. Based on key opportunities and issues identified, the Report provides recommendations to Government on ways to simplify and streamline the farm assessment regulations and enhance the agricultural environment in British Columbia.

In 2008, we engaged in dialogue with the public and held 12 consultations across the Province. Panel members appreciated the opportunity to talk with farmers face-to-face, building on the findings of our formal consultations with agriculture industry associations. We also received more than 200 submissions, feedback and suggestions in writing, by post and email.

We heard about challenges related to farm assessment regulatory requirements, as well as challenges specific to certain agricultural sectors and geographic regions. We also heard about solutions, focusing on reducing paper work, preserving agricultural land and encouraging agricultural production.

We have great confidence in our agricultural sector and are proud of our role in providing an opportunity to share their concerns and input to Government. We are also confident the Province will carefully review and explore all options to implement our recommendations.

In closing, we would like to acknowledge the contributions of Honourables Rick Thorpe and Kevin Krueger, previous Ministers of Small Business and Revenue who provided initiative and support for the review. Also we thank Honourable Blair Lekstrom for his leadership and assistance in bringing the Panel together and starting the consultation process.

On Behalf of the Farm Assessment Review Panel,

John Rustad  
Co-Chair,  
Farm Assessment Review Panel

Frank Leonard  
Co-Chair,  
Farm Assessment Review Panel



### 3. EXECUTIVE SUMMARY

This Panel Report summarizes the activities undertaken by the Panel to fulfill its mandate during its term. It provides an overview of the Panel, its mandate and objectives and outlines the results of the public consultation processes. Based on key opportunities and issues identified, the Report provides recommendations to Government on ways to improve farm assessment regulations and policies in British Columbia.

The following summarizes the Panel's recommendations by key goals, strategies and timelines:

#### **Goal #1: Simplify and streamline regulatory and policy framework relating to farm status.**

**Strategy A: Use Canada Revenue Agency (CRA) income tax return information for farm income reporting to determine if income criteria are met for farm status for assessment purposes.**

##### **2010 Assessment Roll**

###### *Recommendation 1 - Status Quo*

- BC Assessment (BCA) to ensure the consistency of current policy and submission of CRA income tax report data remains optional.

##### **2011 Assessment Roll**

###### *Recommendation 2.1 - Mandatory Submission*

- Amend statutory framework to require mandatory reporting of gross farm income as reported to the CRA. This requirement will be incorporated in the farm status application form. Direct automatic access to farm operation specific income tax return data is targeted for 2011, subject to required authorization and confidentiality.

###### *Recommendation 2.2 - Harmonization of Reporting Periods*

- Harmonize income reporting period with the income tax reporting period – calendar year (January 1- December 31) for sole proprietorship or partnership and fiscal year ending April 30, or earlier, for farm corporations. Income information must still be submitted by October 31.

###### *Recommendation 2.3 - Harmonization of Definitions*

- In the transitional phase, BCA will audit income reports with lower income ratios (the ratio of actual farm income to required income threshold) to ensure that the income is generated from the Primary Agricultural Production (PAP) Schedule products. BCA will also accept supplementary information from farmers where there is additional income from products that are not accepted by CRA.



*Recommendation 2.4 - Review of PAP Schedule*

- Review of the PAP Schedule in the *Standards for the Classification of Land as a Farm*, B.C. Regulation 411/95 (Farm Class Regulation) within three years – a priority issue to be dealt with to ensure that policy is being applied as intended and that some value-added products and activities are included.

**Strategy B: Establish a single income threshold at a minimum of \$3,500 annual gross farm income.**

**2010 Assessment Roll**

*Recommendation 3 - Status Quo*

- Maintain the current income thresholds.

**2011 Assessment Roll**

*Recommendation 4*

- Establish a single threshold at a minimum of \$3,500 for all farm properties.
- Eliminate higher threshold of \$10,000 for properties of less than 0.8 hectares.
- Analyze the impact from use of the CRA reporting data.
- Review and evaluate harmonization of CRA farming activities and PAP Schedule.
- Review the threshold every five years.

**Goal #2: Amend split classification policies and preserve agricultural land for future generations.**

**Strategy C: Amend and clarify split classification policies.**

**2010 Assessment Roll**

*Recommendation 5 - For Farm Status Properties in the Agricultural Land Reserve (ALR)*

- A property that is actively farmed with farm status will not be split classified. The same provisions will apply to land that is leased, as long as all required criteria are met. It is important to note however, that any portion of land in another use on a farmed parcel (e.g., commercial or business) will still be classed according to that use.
- Amend designation provisions in the Farm Class Regulation to more appropriately reflect the intention, to include, in farm status, those areas not suitable for production and/or used for buffer, ecological or social goods and services, or non-arable capacity (e.g., rock, swamp or treed areas).

*Recommendation 6 - For Farm Status Properties Not in the ALR*

- Property will not be split classified if at least 50 percent of the parcel is under production or contributes to the production of qualifying primary agriculture products, or at least 25 percent of the parcel is under production and the owner/farmer meets the higher income threshold (\$10,000 for 2010; and 4 times the income threshold [\$14,000] for 2011 and beyond).



- BCA will have some discretion for determining whether properties can still be considered for farm status if they do not meet some criteria, or for the inclusion of some areas that may have conservation or other social values.

### **Goal #3: Support and encourage agricultural production, from entry through retirement.**

#### **Strategy D: Encourage new and developing farm operations.**

##### **2010 Assessment Roll**

###### *Recommendation 7*

- Amend Section 8 of the Farm Class Regulation as required, to make sure the length of the start-up period is realistic and relative to the commodity being produced and that new farm practices are recognized.
- When in dispute, BCA will consult with an agrologist to review developing farm and business plans prepared by farmers.

#### **Strategy E: Provide incentive to retired farmers to maintain farming activities.**

##### **2011 Assessment Roll**

###### *Recommendation 8*

- Investigate a statutory provision that applies to ALR land only, similar to Section 19(8) of the *Assessment Act* that will:
  - allow retired (65 or older) long-term farmers and their spouses (have been resident on the farm, actively farming and have farm status for minimum 20 years) and, where the farm property continues to be farmed, to stay in the farm residence with continued farm status on the residence until that property is sold or there is a change in use.

#### **Strategy F: Amend tax exemptions for farm improvements.**

##### **2011 Assessment Roll**

###### *Recommendation 9*

- Exempt farm improvements at 87.5 percent of assessed value or \$50,000, whichever is greater.
- Provincial Government may consider providing impacted local governments with funding to compensate for loss of revenue for period of five years to allow for adjustment of budget priorities.



## **4. OVERVIEW OF FARM ASSESSMENT REVIEW PANEL**

### **Background**

In February 2008, Government announced the appointment of the Panel to conduct a review of the farm classification process and regulations in British Columbia. This comprehensive review, in addition to the British Columbia Agriculture Plan, demonstrates the Government's commitment to sustainable farming communities.

The goal of the Panel was to review the farm classification process and regulations, with a focus on simplifying and streamlining the regulations, while at the same time ensuring that the property assessment system is fair, equitable, enhances competitiveness and supports innovation and the Agriculture Plan and a healthy future for British Columbia families and communities.

The Panel was tasked to provide a Final Report to Government by July 31, 2009.

### **Mandate**

The review included a comprehensive review and analysis of the farm assessment process, with a focus on simplifying and streamlining the regulations, while at the same time ensuring they are fair, equitable and transparent. The review included, but was not limited to, the following:

- Process for obtaining farm classification for assessment purposes, the requirements to maintain the classification and the measures used to ensure compliance with the regulatory requirements.
- Income thresholds to classify land as farm for assessment purposes.
- A cross-jurisdictional review to identify best practices in farm assessment policy and procedures to ensure British Columbia's farming community is competitive and vibrant.
- The Panel may identify and bring forward interim recommendations for consideration by the Minister of Community and Rural Development.
- Consider options to streamline and enhance innovation and the competitiveness of the British Columbia agriculture community.

The following broader agriculture policy issues were not included in the mandate of this review:

- Definitions of farm and the list of activities which constitute the PAP Schedule for the purposes of meeting income thresholds.
- Exemptions applicable to properties classified as farm, which may or may not be in the ALR.





## **Membership**

The Panel was comprised of elected representatives from both local and Provincial Governments, a cross-section of British Columbia's agriculture community, the Board of BCA and other British Columbians. The Panel was Co-Chaired by His Worship, Frank Leonard, Mayor of Saanich, and John Rustad, MLA for Nechako Lakes, who jointly report to the Minister of Community and Rural Development. A list of Panel members is provided in Appendix A.

## **Panel Activities**

During its term, the Panel focused on the identification of challenges and solutions through consultation processes outlined in this Report. The Panel provided Government with interim recommendations in June 2008. A dedicated website ([www.farmassessmentreview.ca](http://www.farmassessmentreview.ca)), email address ([farmassessmentreview@gov.bc.ca](mailto:farmassessmentreview@gov.bc.ca)) and a toll free number were launched to accept public input. The key issues identified during these consultations form the basis of the recommendations in this Report.

## **5. INTERIM RECOMMENDATIONS – JUNE 2008**

In June 2008, Government announced the implementation of three interim recommendations proposed by the Panel:

1. Suspension of any further large-scale farm classification projects by BCA until the Panel Report is received and decisions are made.
2. Where necessary, BCA will consult a professional agrologist to provide technical advice regarding farming practices as they relate to assessment and farm classification.
3. Ministry of Community and Rural Development staff will review the potential use of federal income tax information to determine farm income, subject to a further feasibility analysis.

## **6. PUBLIC CONSULTATIONS AND SUBMISSIONS**

### **Consultation Process**

From September through November 2008, the Panel undertook a total of 12 public consultation sessions aimed at engaging farmers, agriculture industry associations and representatives and other stakeholders throughout British Columbia on their ideas and suggestions regarding the farm assessment process in British Columbia.

Each consultation was chaired by one of the Panel Co-Chairs and attended by at least two Panel members. Consultation participants were informed by local agricultural organizations and associations, local government agencies, Panel members, MLAs and local newspaper advertisements. The Panel met approximately 1,000 farmers, industry representatives, stakeholders and members of the public. Summaries of each public consultation meeting are provided in Appendix B and are also available on the Panel's website.



In addition to public consultations, information, opinions and suggestions have been submitted to the Panel in writing, by post and email. The Panel received more than 200 submissions and has posted 36 submissions on its website – some submissions were edited to protect personal privacy.

### **Summary of Most Commonly Raised Issues**

Members of the public and representatives from agricultural associations raised a number of issues related to the assessment and taxation of farm land with the Panel. Some of the issues raised during the consultations were specific to particular regions, such as providing considerations for retired farmers in the rural areas. Others were consistently raised throughout the consultation and submission process, demonstrating common concerns among British Columbia's agricultural communities.

Suggestions and ideas generated from public consultations were grouped into eight general issues:

1. Farm income thresholds.
2. Split classification policies and practices.
3. Agriculture products and services qualifying for farm income.
4. Farm building classification and exemptions.
5. Retirement and succession.
6. Regulation and assessment process.
7. Abuse of the taxation system.
8. Biodiversity, local food production and sustainable farm practices.

Besides the eight key issues discussed above, there are several issues outside the scope of the review that were raised repeatedly across the Province (e.g., governance of ALR lands, municipal zoning and meat inspection regulations). Particularly, there is a strong consensus indicating the need to review the list of products that constitute PAP Schedule in the Farm Class Regulation and the need to recognize and include some value-added products and activities.

Summaries of each public consultation meeting are provided in Appendix B. A summary of public submissions and statistics are provided in Appendices C and D. Note that the number of times an issue was raised does not necessarily mean it is more important. It simply reflects the frequency an issue or opportunity was shared by farmers across the Province.



## 7. KEY GOALS, STRATEGIES AND RECOMMENDATIONS

The Panel carefully considered the input from the public consultations and identified the following strategies and recommendations which are linked to the following three goals:

- Goal #1: Simplify and streamline regulatory and policy framework relating to farm status.
- Goal #2: Amend split classification policies and preserve agricultural land for future generations.
- Goal #3: Support and encourage agricultural production, from entry through retirement.

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### **Goal #1: Simplify and streamline regulatory and policy framework relating to farm status**

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#### **Strategy A: Use CRA income tax return information for farm income reporting to determine if income criteria are met for farm status for assessment purposes.**

Under the current regulatory and policy framework, several criteria must be met by property owners in order for their land to be classified as a farm for property assessment and tax purposes. One of the primary criteria is the requirement to meet minimum gross income thresholds from the sale of PAP Schedule products. Annual farm income is reported through a set of BCA forms. Receipts from farm gate sales are frequently requested by BCA as evidence of sales. In the absence of receipts, BCA staff may rely on local market prices supplied by the Ministry of Agriculture and Lands or other local sources, providing confirmation of production is obtained.

From a cross-jurisdictional analysis (see Appendix E), it was learned that Prince Edward Island and Ontario require submission of the most recent income tax return(s) from the CRA to verify income and determine eligibility for farm status.



Under the CRA policy and guidelines, gross farming income is defined as the total farming income before expenses are deducted. For a sole proprietorship or partnership, gross farming income is entered on line 168 of the *T1 - Income Tax and Benefit Return*<sup>1</sup>. Farm owners may also complete the CRA's *T2042 - Statement of Farming Activities*, which provides sufficient detail of farm income to determine which of the activities claimed are qualified<sup>2</sup>. Note that this form is not mandatory and other types of financial statements are also accepted by CRA.

Based on the consultations and affiliated work of the Panel, the Panel agrees that relying on data reported for federal income tax returns rather than BCA forms and sales receipts would greatly improve the reliability of farming income information. This will also significantly simplify the farm income reporting process, as farmers will not have to complete a second set of forms. By agreement with property owners, direct automatic access to income tax return data could be established to further reduce the paper workload for farmers.

Currently, farmers must report their gross farming income for the 12 months ending October 31. A change to accept CRA reported income data would be facilitated by harmonizing the current reporting period with the CRA reporting period (e.g., January 1 - December 31 for sole proprietorship or partnership) and also taking into account the fiscal year ends of farm corporations. This will further simplify reporting requirements, as only one set of forms for one reporting period will be required.

It is also important to note that the definition of "farming income" for CRA reporting purposes is broader than the current Provincial PAP Schedule. For example, the CRA allows income from gravel extraction, woodcutting, custom farm work, some value-added products and horse boarding. Although the review of the PAP Schedule is out of scope for the Panel, given the intrinsic connection to the strategy and intensive public interests, the Panel suggests the Provincial Government consider action to harmonize the definition of farming income with that of the CRA. This suggestion also supports the Panel's mandate: to review the process for obtaining farm classification for assessment purposes, the requirements to maintain the classification and the measures used to ensure compliance with the regulatory requirements.

### **Recommendation 1 - 2010 Assessment Roll**

- Status Quo (property owners have the option of submitting their CRA forms or the BCA forms, if income information is requested). BCA to ensure the consistency of current policy and submission of CRA income tax report data remains optional. Reporting period is the 12 months to October 31, 2009.

<sup>1</sup> In general, corporations file a *T2 - Corporation Income Tax Return* which shows the business number and corporation name. With this, they also file financial statement information. For example, *Schedule 125 - Income Statement Information* is often filed and the line with field code 9659 – "Total Farm Income" is shown. Gross farming income is not found on the T-2 form, but is found on the accompanying income schedules/statements/information.

<sup>2</sup> Lines of the T-2042 form may assist BCA in determining farm income: Line 9659 – Gross income; Line 9664 – Expenses – Seeds and Plants; Line 9712 – Expenses – Livestock Bought; and Line 9600 – Other Income. This covers wood sales and income from sale of soil, gravel, sand, stone, etc.



## **Recommendation 2 - 2011 Assessment Roll**

### ***Recommendation 2.1 - Mandatory Submission***

- Amend statutory framework to require mandatory reporting of gross farm income (e.g., Line 168 of T1 form for sole proprietorship or partnership) as reported to the CRA. This requirement will be incorporated in the farm status application form. Direct automatic access to farm operation specific income tax return data is targeted for 2011, subject to required authorization and confidentiality.

### ***Recommendation 2.2 - Harmonization of Reporting Periods***

- Harmonize income reporting period with the income tax reporting period – calendar year (January 1- December 31) for sole proprietorship or partnership and fiscal year ending April 30, or earlier, for farm corporations. Income information must still be submitted by October 31.

### ***Recommendation 2.3 - Harmonization of Definitions***

- In the transitional phase, BCA will audit income reports with lower income ratios (the ratio of actual farm income to required income threshold) to ensure that the income is generated from the PAP Schedule products.<sup>3</sup> BCA will also accept supplementary information from farmers where there is additional income from products that are not accepted by CRA.

### ***Recommendation 2.4 - Review of PAP Schedule***

- Review the PAP Schedule within three years – a priority issue to be dealt with to ensure that policy is being applied as intended and that some value-added products and activities are included.

## **Strategy B: Establish a single income threshold at a minimum of \$3,500 annual gross farm income.**

Currently in British Columbia, annual farm income is based on farm gate prices of PAP Schedule products. The farm gate price is the dollar value received from direct farm sales, or the value of primary products that are used for processing. In the case of livestock, farm gate price means the live weight sale price, less any purchase costs – not the carcass or dressed sale price quoted from the butcher.

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<sup>3</sup> Under current BCA policy, frequency of review is based on the Income Ratio (the ratio of actual farm income to required income threshold for the farm unit per Section 5 of the Farm Class Regulation). The frequency of review is as follows: Income Ratio 1 to 1.5: reviewed every year; Income Ratio 1.5 to 3: reviewed every 3 years; Income Ratio 3 to 10: reviewed every 5 years; and Income Ratio > 10: reviewed every 8 years. For farms that have few sales but the product value is high, income is reviewed for every production year, regardless of the Income Ratio.



Minimum income requirements vary with farm size and are calculated as follows:

- \$10,000 for properties of less than 8,000 m<sup>2</sup> (2 acres).
- \$2,500 for properties between 8,000 m<sup>2</sup> (2 acres) and 4 hectares (10 acres).
- For properties larger than 4 hectares (10 acres) - \$2,500 plus 5 percent of the actual value of any farm land in excess of 4 hectares.

The above income requirements must be met at least every two years, with some sales in every production year.

Many farmers, especially owners of small farms (less than 0.8 hectares) expressed their frustration in meeting the higher income threshold (\$10,000). Given the public input and affiliated work of the Panel, the Panel agrees that there is a need to eliminate the higher threshold and establish a single income threshold (similar to the Ontario model<sup>4</sup>). This will not only encourage owners of smaller properties to seek and maintain farm status, but will also simplify the assessment procedures.

The base amount of the current income thresholds (minimum of \$2,500) has not been adjusted since 1994. While recognizing that some farms may need to adjust farm activities to reach a higher base amount, the Panel agrees that an increase is consistent with the increase in the Farm Product Price Index<sup>5</sup>. This increase is also consistent with the Panel's recommendation on harmonization of the CRA definition, which is broader than the current PAP Schedule.

### **Recommendation 3 - 2010 Assessment Roll**

- Status Quo (\$10,000 for farms of less than 0.8 hectares, \$2,500 for farms of 0.8 to 4 hectares and \$2,500 plus 5 percent of the assessed value of farm land for farms of over 4 hectares).

### **Recommendation 4 - 2011 Assessment Roll**

- Establish a single threshold at a minimum of \$3,500 for all farm properties.
- Eliminate higher threshold of \$10,000 for properties of less than 0.8 hectares.
- Analyze the impact from use of the CRA reporting data.
- Review and evaluate harmonization of CRA farming activities and PAP Schedule.
- Review the threshold every five years.

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<sup>4</sup> Ontario's farm income threshold: \$7,000.

<sup>5</sup> The Farm Product Price Index measures the change through time in prices received for agricultural commodities at the first transaction point. The index expresses current farm prices as a percentage of prices prevailing in the base period.



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## **Goal #2: Amend split classification policies and preserve agricultural land for future generations**

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Section 19 (14) of the *Assessment Act* requires that all property in the Province be classified based on the types or use of land and improvements for the purpose of administering property tax. The *Prescribed Classes of Property Regulation*, B.C. Regulation 438/81, provides the framework and criteria for nine property classes. Property with several distinct uses can fall into more than one class (e.g., a property combines residential and commercial use). In the case of farm land, guided by Property Assessment Appeal Board (PAAB) and BC Supreme Court decisions, the Assessor will classify all land in use for the production of primary agriculture products on a property as Class 9 – Farm, but may also classify any portion of the property that is not in production or which has “no other use” as Class 1– Residential, as a default. There are about 8,000 farms in the Province that are split classified.

Land that is classified as Farm is assessed on values fixed by regulation (i.e., *Land Values for Farm Land Regulation*, B.C. Regulation 276/84), taking into account only the value of the land as a farm and not for any other purpose. The regulation, by schedule, prescribes farm land values which vary by soil type, productive capacity and location and range from about \$500 to \$5,000 per acre. The combination of these regulated values and the generally low tax rates applied to farm land mean that, typically, the property taxes levied for farm class properties are significantly lower than similar non-farm class properties (e.g., Class 1 – Residential). To property owners, therefore, farm class represents a significant benefit, especially for those properties in the urban/rural interface areas of municipalities.

Split classification of farm properties that are not in the ALR became an issue in those areas of the Province, such as the Lower Mainland and southern Vancouver Island, where the portion classed as residential will be valued several times higher than that of the regulated farm class land values. This results in substantially higher property taxes for the residential portions of a split classed farm property. In the more rural areas of the Province outside of municipalities, the residential land values are much lower in comparison to farm land values, tax rates are relatively low and there are not the same impacts on property taxes of split classification.



The Panel heard a number of concerns related to the classification of farm land with "no present use" (i.e., the portion of properties or land parcels that is not predominantly used for PAP or does not directly contribute to the production). In particular, this includes portions used as a buffer, or with ecological or other deemed social goods or value, or parcels that are non-arable (e.g., rock, swamp or treed areas). For farms in the ALR, property owners have an option to designate all currently unused land as being held for future farm use and production, effectively mitigating the concern. However, for small, non-ALR, urban farms where the portion of land that is not in production has been split classified, as noted above, farmers must pay the significantly higher property taxes on the land split classed as residential. Also, there is a concern about abuse of the assessment system - if land is incorrectly classified as farm, the owner receives a tax "subsidy" from other taxpayers in the municipality. Lastly, it has been suggested that consideration for full farm status should be given to productive/profitable farms that may use only a small percentage of the farm property, such as organic farms.

To address the above concerns and set clearer policy for the determination of farm status for lands in and outside the ALR, the Panel has two recommendations as outlined below. Particularly, Recommendation 6, may also mitigate the potential abuse of the proposed lower income threshold (see Recommendation 4) for parcels of less than 0.8 hectares.

### **Strategy C: Amend and clarify split classification policies.**

#### **Recommendation 5 - 2010 Assessment Roll**

##### **For farm status properties in the ALR**

- A property that is actively farmed with farm status will not be split classified. The same provisions will apply to land that is leased, as long as all required criteria are met. It is important to note however, that any portion of land in another use on a farmed parcel (e.g., commercial or business) will still be classed according to that use.
- Amend designation provisions in the Farm Class Regulation to more appropriately reflect the intention, to include, in farm status, those areas not suitable for production and/or used for buffer, ecological or social goods and services, or non-arable capacity (e.g., rock, swamp or treed areas).

#### **Recommendation 6 - 2010 Assessment Roll**

##### **For farm status properties not in the ALR (Non-ALR)**

- Property will not be split classified if at least 50 percent of the parcel is under production or contributes to the production of qualifying primary agriculture products, or at least 25 percent of the parcel is under production and the owner/farmer meets the higher income threshold (\$10,000 for 2010; and 4 times the income threshold [\$14,000] for 2011 and beyond).
- Regulatory authority will provide BCA with some discretion for determining whether properties can still be considered for farm status if they do not meet some criteria, or for the inclusion of some areas that may have conservation or other social values.





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### **Goal #3: Support and encourage agricultural production, from entry through retirement**

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Agriculture has always been an essential part of the lives of British Columbians. Farmers are proud of what they have and will contribute to the social, economic and environmental well-being of the Province. However, the agriculture sector is currently undergoing unprecedented change, posing both significant challenges and exciting opportunities. To encourage agricultural production, from entry through retirement, the Panel proposes three strategies.

#### **Strategy D: Encourage new and developing farm operations.**

Currently, Section 8 under the Farm Class Regulation requires that an area of land be planted before a property owner qualifies for developing farm status for horticultural farms. For livestock, poultry, greenhouse or mushroom operations, necessary farm structures must be completed and stock purchased.

The developing farm provisions generally work well. However, the Panel heard that the existing policy, which requires horticultural farmers to have seeds in the ground, or livestock and other farmers to have all buildings completed, may be challenging to satisfy on properties that have not been previously farmed. Some new farmers expressed concerns about the current timelines, particularly those who plan to clear forested land, construct new buildings, fence properties or undertake other preparations that require significant time before being able to establish the visible signs of farming or income generation as required in the current Farm Class Regulation.

The Panel, therefore, recommends the Provincial Government consider amendments to the Farm Class Regulation governing developing farms to better accommodate new farmers.

#### **Recommendation 7 - 2010 Assessment Roll**

- Amend Section 8 of the Farm Class Regulation as required, to make sure the length of the start-up period is realistic and relative to the commodity being produced and that new farm practices are recognized.
- When in dispute, BCA will consult with an agrologist to review developing farm and business plans prepared by farmers.



## **Strategy E: Provide incentive to retired farmers to maintain farming activities.**

During the consultations, the Panel learned that retired farmers and their spouses, especially those live in rural northern British Columbia and have operated their farm for many years, are facing challenges to retain their farm status. Some find it is difficult to meet the income threshold for reasons of age, illness or death of a spouse. Some manage to lease their land to a bona fide farmer that helps to retain the farm status for the land in production; however, they struggle to pay the residential taxes on their on-farm residence. As such, some farmers are forced to sell their farm land and move.

The Panel recognizes this issue is largely a regional issue. However, given the need to preserve farm land and the social realities of options for retiring farmers in rural areas, the Panel suggests that the Provincial Government address this issue.

### **Recommendation 8 - 2011 Assessment Roll**

- Investigate a statutory provision that applies to ALR land only, similar to the Section 19(8) of the *Assessment Act* that will:
  - allow retired (65 or older) long-term farmers and their spouses (have been resident on the farm, actively farming and have farm status for minimum 20 years) and, where the farm property continues to be farmed, to stay in the farm residence with continued farm status on the residence until that property is sold or there is a change in use.

## **Strategy F: Amend tax exemptions for farm improvements.**

The exemption for farm improvements was first included in what is now the *School Act* in 1955. What was then the *Public Schools Act, 1948* was amended by the *Public Schools (Amendment) Act, 1955*. At that time, the exemption amount for farm improvements was \$5,000.

The \$5,000 exemption remained in place until 1983, when the *Education Interim Finance Act, 1982* was amended by the *Miscellaneous Statutes Amendment Act, 1983*, at which time the amendment was increased to \$50,000.

Current legislation (i.e., *Taxation [Rural Area] Act*, *Community Charter* and *School Act*) maintains the same exemption amount (\$50,000) with specific requirements. As no change has been made since 1983, the Panel has been asked by the public to consider raising the amount of this exemption to promote redevelopment of existing buildings and more intensive farm production (e.g., greenhouses). The intent is not to simply provide additional tax relief to farmers, but to encourage innovation and increase competitiveness through investment in improvements – one of the Panel's mandates.

The Panel also recommends that the Provincial Government consider providing funding to impacted local governments to offset any revenue losses for a transition period.



**Recommendation 9 - 2011 Assessment Roll**

- Exempt farm improvements at 87.5 percent<sup>6</sup> of assessed value or \$50,000, whichever is greater.
- Provincial Government may consider providing impacted local governments with funding to compensate for loss of revenue for period of five years to allow for adjustment of budget priorities.

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<sup>6</sup> This is similar to the Ontario methodology. In Ontario, farm buildings are taxed at the farm tax rate, which is 25 percent of the residential rate. In addition, if farm classified, Ontario applies a 50 percent obsolescence factor to the farm building. The tax implication of this results in taxes for the farm building being 12.5 percent, if the property is farm classified versus if classified as residential. The tax saving is the same, had an 87.5 percent exemption been applied for farm improvements.



## APPENDIX A: LIST OF PANEL MEMBERS

<b>Name</b>	<b>Position</b>	<b>Region</b>
John Rustad	<b>Co-Chair</b> MLA	Nechako Lakes
Frank Leonard	<b>Co-Chair</b> Mayor, Saanich	Saanich
Malcolm Brodie	<b>Member</b> Mayor, Richmond	Richmond
Karen Goodings	<b>Member</b> Regional Director, Peace River District	Dawson Creek
Shawn McLaughlin	<b>Member</b> BCA Board member	Prince George
Garnet Etsell	<b>Member</b> Commercial turkey farmer	Abbotsford
Ernie Willis	<b>Member</b> Cattle rancher	Princeton
Heloise Dixon-Warren	<b>Member</b> Farmer - agritourism	Williams Lake/Quesnel
Don Lancaster	<b>Member</b> Cattle rancher	Cranbrook
Keith Skidmore	<b>Member</b> Retired BCA assessor	Penticton
Gary Blattner	<b>Member</b> Cattle Rancher	Vanderhoof
Brent Warner	<b>Member</b> Consulting agrologist	Vancouver Island

Note: Honourable Blair Lekstrom was the previous Panel Co-Chair till June 2008.



## **APPENDIX B: PUBLIC CONSULTATION SESSION SUMMARIES**

### **FARM ASSESSMENT REVIEW - SAANICH PUBLIC CONSULTATION MEETING September 16, 2008**

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#### **Split Classification**

- No more split classification – include natural areas under farm classification rather than under residential class.
- Split farm classification makes it difficult for farmers to survive and threatens rural farm land.
- If land is un-subdivided or if there are multiple parcels operating as an integrated farm unit, the whole parcel should be in the Farm Class.
- Need to consider unintended consequences of split classification (purpose supposedly is to catch cheaters) – does not foster responsible land ownership. It can discourage legitimate farmers from preserving natural areas:
  - resulted in some farmers clear cutting areas - incentive to destroy environmentally sensitive areas;
  - farm land should be considered part of the larger ecosystem;
  - areas not in production act as a buffer zone to protect farmers from non-farming neighbours in urban areas like Saanich;
  - some farmers do not have the option to farm all of their land due to municipal bylaws or riparian restrictions;
  - Environmental Farm Plans encouraged by other areas within Government, but current property assessment policy penalizes farmers with areas not in production; and
  - areas not in production can enhance productive capacity of land (e.g., fallowing).

#### **Income Thresholds**

- Need realistic income thresholds for small holdings and thresholds must recognize farmers must do other work to earn a living.
- Must recognize the legitimacy of part-time farmers – many part-time farmers are on small holdings.
- Set thresholds responsibly.
- Do not increase income thresholds.
- Move away from income thresholds – give credits for environmental stewardship.
- Income thresholds should be the same for ALR and non-ALR farms.
- Need to provide incentive to farm – lower taxes are a good incentive.
- Recognition for farmers who raise rare breed animals and seeds – so these farmers should not have to send these animals to slaughter to reach income threshold.
- Recommend reducing income threshold.
- Determination of farm income must be transparent with clear calculation models.



### **New Property Class**

- A new property class should be established – something between farm class and residential; rural class.
- Need disincentives to urbanization of rural areas.
- British Columbia has 9 property classes; Ontario has 12.

### **Leased Land**

- Need incentive to lease lands – to keep land in production.
- Encourage environmental stewardship by requiring land owners to provide leases of several years to retain farm status.

### **Developing Farms**

- Policy needs to support young people getting into farming and developing farms.
- Concerns expressed about consistent treatment for developing farms.

### **Appeal Process**

- Concerns expressed about Property Assessment Review Panel (PARP) and/or PAAB in terms of accessibility, access to information about the process, timing (as hearings occurring during prime farming season).
- Appeal process viewed as negative; people felt under attack by BCA.
- Suggests farm advocacy office would provide education for people wanting to farm and advocate for people who have problems with their assessments.
- Low percentage of people who win assessment appeals.

### **BCA**

- Changes to BCA forms recommended – value and area of each parcel should be reflected on form – revenue requirements should be outlined for subsequent years.
- Gross annual value requirements unclear when dealing with multiple parcels.
- Staff need to be on same page.
- Regulations must be clear and concise – need clear interpretations – current regulations hard to follow, resulting in inconsistent interpretations.
- BCA assessors approach to conducting site visits was criticized – concern about lack of training and approach, inconsistent information.
- No one in Victoria BCA office with hands-on farming experience.



## **General**

- Increasing demand for local food outstrips supply.
- Concerns expressed about Terms of Reference for Farm Assessment Review – too narrow, do not include definitions of farm and the list of activities which constitute PAP.
- Farm status is the best way for Government to support farmers.
- Farmers depend on tax breaks as part of their bottom line.
- Enforcement of farm status through random audits.
- Wants information and access to supportive Government agencies for farmers.
- Wants Panel to examine the myth that farmers get tax subsidies.
- Small producers produce downstream effects – for example, job creation.
- Lands with farm status less costly to municipalities in terms of municipal services.
- Part time farmers not seen as legitimate farmers.
- Streamline regulations.
- Farming should be encouraged to ensure food security – important due to climate change and fuel scarcity; we are highly vulnerable.
- Farm assessment policy should focus on farming as a public good and align itself with society's need for food security and society's aspirations to protect farm land.
- Assessment policy needs to reflect sustainable ecosystems and respect biodiversity and support farming.
- Demand for locally grown products can be supported by assessment policy – value of local food.
- Must reflect new face of farming – sustainable, an ecological unit in its entirety.
- Agriculture has changed substantially in the last 20 years.
- Need to ensure farm assessment policy is consistent with other plans – Sannich Community Plan – 94 percent respondents want farm land in production, BC Agriculture Plan.
- Farm assessment policy should take the long view.
- In areas of urban/rural interface – tax shift to improvements to preserve ecological qualities on farm.

## **Activities that Constitute PAP and Value-Added (out of scope)**

- Need to include manure as PAP for the purposes of meeting income thresholds.
- Need to consider value-added products as PAP for the purposes of meeting income thresholds – Ontario includes value-added.
- Farmers need to diversify to survive.
- Value-added and niche products should be included for income thresholds.



**FARM ASSESSMENT REVIEW - QUESNEL  
PUBLIC CONSULTATION MEETING  
September 19, 2008**

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**Split Classification**

- Land in the ALR – if the land is assessed at a residential tax rate, then the land should automatically be removed from the ALR so the land owner can subdivide the land and start selling off parcels of land to keep the farm going.
- ALR land should always be taxed at the farm rate; non-ALR land under production should also be taxed as farm.
- Split classification does not take into account that areas not in production serve as buffer zones, wildlife habitat, shelter belts – agricultural land provides ecological goods and services that are valued by society. Agricultural producers should not pay residential or commercial tax rates on those lands.
- Long term production on farm land (with farm status) should continue to be farm classed while under the current ownership, as long as it is not being used for another purpose, even if the owner is retired or unable to continue with full farm production due to sickness or other factors.
- Land and buildings used for agricultural purposes or used for diversification or value-added production should be assessed as part of the farm with farm status.
- A farmer's dwelling on ALR land or on an active farm should have farm status.

**Income Thresholds**

- The list of PAPs in the regulations need to be modernized as British Columbia farmers are looking increasingly beyond traditional farm enterprises to generate income - some farmers have diversified into value added products, food processing, agri-forestry and agri-tourism.
- Need to consider non-traditional products such as birch sap – for some products a farmer must add value to make goods marketable.
- Sales of baled hay, a value-added product, are acceptable for determining farm income, but not other value-added products, such as jams.
- Concerned timber is not considered a PAP for the purpose of meeting income requirements.
- Need a mobile poultry slaughter facility – licensed and inspected.
- Need consistent definition and application of farm gate price - brokers and distributors can distort price.
- Need to re-examine minimum income requirements – suggests two categories – farms of ten acres or smaller and over ten acres.
- Consider Ontario model, which requires a farming operation to generate gross farm income of \$7,000 as reported to the CRA – the income threshold is not based on the size of the farm.
- Agricultural production carries inherent risks and uncertainty – exemptions to the income requirements should be considered for natural disasters and disease – need to look at what other provinces are doing (*note: there is currently regulatory provisions to deal with extraordinary circumstances*).





- Should be consistent with CRA guidelines.
- Predicts farms will fail in 5-7 years because land is going up in value due to sales and if the area of land is more than 4 hectares then farm income must be \$2,500 plus 5 percent of the actual value of the land.
- The income tax system gives a seven year grace period to turn a farm into a profitable operation – concerned no grace period for property tax purposes for the income threshold.

### **Developing Farms**

- There should be some assistance in the form of tax relief for the first few years when a farm is passed on to the next generation.

### **Appeal Process**

- 2003 - missed deadline for submitting farm income information – lost farm status and appealed to PARP – concerned appeal process was time consuming and outcome forgone conclusion (*note: the Regulation has since been revised to provide PARP with more discretion in cases where an appellant missed the deadline for farm application*).

### **BCA**

- Suspend re-assessments as farmers are already under enough stress with mad cow disease, depressed cattle market, droughts, etc.
- Only conduct a re-assessment if a property sells or in exceptional circumstances.
- Concerned about BCA forms and requirements – wants BCA to provide a better explanation of requirements on forms.
- BCA requires documentation on the different uses of land - for non-arable areas – the farmer is not going to subdivide those areas, so all the property should be assessed and valued as farm land.
- BCA should take more time to drive out and look at farm operations, would provide a clear picture of activities.

### **General**

- Assessment policy must recognize tremendous regional differences.
- Concerns were expressed about current rules which provide access to agricultural lands without compensation and with no property tax payable.
- Concern expressed about how one sale in a nearby property can increase property neighbouring property owners' taxes.
- Property assessment rules should be based on users not abusers.
- Buffer needed for farms when adjacent land is sold for non-farm purposes.



**FARM ASSESSMENT REVIEW - RICHMOND  
PUBLIC CONSULTATION MEETING  
September 30, 2008**

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**Income Thresholds**

- \$10,000 income threshold is not feasible for small holdings.
- Maybe \$2,500 is not the right minimum threshold, but \$10,000 is too high.
- Neighbours have increased to 150 chickens to meet the \$10,000 threshold. To reach same income threshold, the farmer would have to spend \$4,000 to get a \$1,000 tax break – not feasible.
- Not clear what standards are.
- Could have sold hay to neighbour and bought it back to maintain farm status.

**Leased Land**

- If leased out, the land could get farm status.
- BCA advised that she could claim income from lease.

**BCA**

- Seems to be a real lack of knowledge in BCA regarding farm practices.
- Has never seen an appraiser on his property.
- Has been “harassed” on Delta farm.
- Problems began when Richmond/Delta BCA office was moved to Abbotsford office.
- For last three years has been asked to produce income statements.
- Got inquiry from BCA that upset him.
- Has had the same farm activities since 1972.
- BCA suggested that he could use federal income tax reporting to satisfy income threshold, but were unable to specify what income tax information they wanted.
- BCA lady arrives from Abbotsford and says they shouldn’t have farm status – the back acre of their property should also be in production.

**General**

- Small holdings are environmentally beneficial.
- Take into account the 100 Mile Diet and the capacity for food production.
- Owning farm land is a resource we want to preserve.
- Encourage the owner to produce “something” rather than making it difficult.
- Encourage people to farm, not make them always have to justify their activities.
- Consider location of farm/type of soils - capability of land is very different throughout the Fraser Valley.
- Some parcels are very small with no road access, foreign owners have bought it for investment.
- Provides economic activity.



- Buys feed from neighbours, local services, local employment.
- 60 percent of farm land is classified as environmentally sensitive; the Ministry of Environment has not provided any explanation.
- BCA should look at soil class.
- Richmond – to west of highway land is mostly peat, east side is not much better.
- Streamline process to obtain and maintain farm status.
- Make it easier for people to farm.
- If one adds amenities to the home site, do these trigger any problem with his/her farm status?
- City of Richmond completed a sustainability of farming study – City is “putting the boots to the little farmer”.
- Understands need for vigilance, know who the cheaters are.
- Most small farmers are legitimate and want to remain so.
- Has had farm status for years – what policy changes have occurred?
- Current regime is too restrictive for small farms.
- Acknowledges that one person started out to take advantage of the farm tax provisions but became an advocate of small farm operations.
- Buys feed from neighbours, local services, local employment.

**Activities that Constitute PAP and Value-Added (out of scope)**

- Race horse breeding must be recognized as a legitimate agricultural enterprise for assessment purposes – breeders bonus should be considered as income.
- Limits to crops that can be grown.



**FARM ASSESSMENT REVIEW - CRANBROOK  
PUBLIC CONSULTATION MEETING  
October 6, 2008**

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**Split Classification**

- Great deal of apprehension and fear surrounding split classification.
- General consensus was if BCA begins implementing split classification, many farms will be forced out of business.
- Farms need to be seen as entire units with all surrounding land:
  - in many cases, surrounding land acts as a buffering area useful for the remainder of the farm. The uses of this buffering area may not be obvious to an assessor, but contributes to biodiversity.

**Income Thresholds**

- Monitoring thresholds is costly for the Province.
- The income thresholds are arbitrary and illogical.
- Thresholds do not make sense on a Province-wide basis. There is no accommodation for regional variations:
  - some parcels of land are far easier to farm and irrigate than others (e.g., due to lack of irrigation in the East Kootenays, irrigation is lacking).
- Income thresholds lead to market distortions.
  - these result from people who are farming simply to achieve an income level. In these instances, the rewards do not come from the marketplace; rather, they come from the taxation system; and
  - this is particularly significant in smaller communities for small parcel farmers when the only other competing producer is in the business solely to meet the income threshold in order to save tax dollars.
- Some PAPs may not have annual production cycles; therefore, annual income thresholds may be impractical.
- Variations and fluctuations in agricultural prices are not taken into account:
  - this can make it difficult to predict how much production is required in order to make the income threshold.
- There should be some provision whereby lifetime farmers are permitted a grace period during difficult times. For example, after a certain number of years, their historical farming background is taken into account when reviewing farm status.
- Income put into a farm is not taken into account – only income generated.
- Cumbersome government inspection processes/quota are extremely costly and can wipe out profit.

**Developing Farms**

- Longer phase-in periods for next generation farmers should be allowed; during this period, farms should be given sufficient time to meet income requirements (longer than a couple of years).
- Increasingly few opportunities for young people to enter the farming industry.
- Policies need to be developed that encourage young people to enter the industry and for older farmers to pass on their land inter-generationally.



## **BCA**

- Viewed as largely inexperienced and requiring agricultural experience.
- Also some confusion as to when and by whom the assessments are made (some reported not remembering ever seeing an assessor).

## **General**

- There was a great deal of discussion surrounding the ALR:
  - some were of the view that if land is locked under the ALR, it should automatically be classified as farm land;
  - ALR generally viewed as very restrictive; however, there was some acknowledgement of its value and its original purpose;
  - needs to be a greater acknowledgement that many farms are not in the ALR;
  - apprehension of policies that would potentially remove land from ALR – would promote urban sprawl and expensive service delivery; and
  - parcels in the ALR cannot be subdivided and sold off. This is a problem for some farmers who would like to reduce the size of their parcel (particularly older farmers who are unable to maintain their land to the same degree they once did). This may become a more important issue in the next 10/15 years.
- Concern that large houses are being constructed on ALR lands as a way of saving taxes.
- There is a general concern regarding the state of agriculture in the East Kootenays and a feeling that food supply may become an issue in the near future if Government does not address important issues, such as those listed above.
- Many attendees have been farming all their lives and are not pleased with the direction farming is going:
  - it is becoming increasingly difficult to meet income thresholds and many older farmers feel they are being forced out of the industry.
- There should be more of an explicit recognition of the role farmers play in preserving the land:
  - older/lifetime farmers who can no longer farm should be able to retain their status as a reward for preserving agricultural land and contributing to their community throughout their lifetime.
- Some expressed the expectation that, as a result of the Farm Review, Government will address inequities that plague innovation and investment.

## **Activities that Constitute PAP and Value-Added (out of scope)**

- Concern regarding value-added products being treated as light industry.
- Too many gray areas regarding the definition of acceptable products.
- Poor logic as to why some are acceptable while others are not.
- Current classification does not promote or accommodate future innovation of new products.
- There is a general feeling that the definition is very arbitrary.



**FARM ASSESSMENT REVIEW – KAMLOOPS  
CONSULTATION SUMMARY  
October 14, 2008**

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**Split Classification**

- All land under production (ALR and non-ALR) should be taxed at an agriculture rate that is lower than commercial or residential rates – this provides support for farmers and ranchers who currently have their land in production. Many farms have both ALR and non-ALR land as part of their operation.
- Ranching differs from many other agricultural sectors in that it is extensive rather than intensive in nature – may cover large blocks of land many of which are not prime agricultural land. By keeping large tracts of land in a relatively undisturbed condition, ranching provides valuable ecological goods and services beyond food production.
- Property tax benefits to owners of farm land provide an incentive to keep lands not presently farmed or ranched available for future production.
- Lands leased by a legitimate farming or ranching operation should be maintained as ALR land as well.
- Non-ALR lands are prime targets for development – maintaining a lower farm tax rate on these lands that are part of an agricultural operation may reduce their vulnerability to development by speculators.
- Split assessments should not be imposed on land in the ALR or within a legitimate farming operation.
- Why can land in the ALR be classed as residential if I cannot build on it or sell it as residential?
- Marginal, less productive and/or fallow land is important for the majority of agricultural operations – these lands function as a buffer zone between farmers and residential areas, provide cover for shelterbelts, erosion control, watersheds and provide an alternative area for livestock or crop rotation.

**Income Thresholds**

- In some cases the income thresholds have resulted in poor land management practices with grave or irreversible damage done to the land in order for the land to generate enough income to meet income thresholds.
- Any land in the ALR should be taxed at the agricultural rate regardless of income as long as the health of the land is maintained – in other words, a minimal level of environmental stewardship of the land would be required in order to maintain farm status for taxation purposes.
- Split assessments should not be imposed on land in the ALR or within a legitimate farming operation.
- Consider removing income thresholds for land in the ALR.
- When property values rise it is difficult to meet income thresholds – concern expressed about generating enough revenue to meet income thresholds, especially with recent extreme financial pressures in the livestock sectors.



- Rather than count the income from my farm, BCA should look at the 250 tonnes of hay that has been produced. Farm status should be based on production, not income. If the market collapses, no income from my 250 tonnes of hay and loss of farm status.
- It is not BCA's business to look at my expenditures and income (so they shouldn't have the right to access federal income tax submissions without my permission).
- The Panel should be wary of any inclination to raise the income threshold because raising the necessary income on 40 acres is nearly impossible.
- I may not be able to make the income threshold even if I work seriously on the land myself, but then I only need to lease the land to my son (a bona fide farmer) for \$1 to get status?

### **General**

- Consider taxing retroactively speculators who buy ALR land and then subdivide or flip within a certain time frame – tax at a non-farm rate retroactively.
- Current regulations are not clear – problem with interpretation of what is considered farm income.
- Concerns expressed about the multitude of regulations from all levels of government.
- The Panel should consider creating a designation for country residential for people who buy agricultural land and do not farm it. This designation would be taxed at a higher level than agricultural land. This was an idea formulated for the Armstrong Official Community Plan, but was not implemented.
- There is a lot of misunderstanding and confusion about farm assessments and classifications.
- Thank-you for the BCA Factsheet handout. This is the clearest information I've seen about farm classification.
- Some land uses should not be in the ALR, such as row houses.
- It is too cost prohibitive to raise animals for food on small lots.
- We're an aging population and paying more taxes is out of the question.
- I had to watch a neighbour sell their entire herd for 34 cents a pound. This is not the time to increase taxes.

### **Activities that Constitute PAP and Value-Added (out of scope)**

- Consider including composting as PAP for calculating farm income.
- Custom feeding of cattle is not farm income. The only feedlot income that is counted toward the farm income threshold is the value-added by weight gained at the feedlot.



**FARM ASSESSMENT REVIEW - PENTICTON  
CONSULTATION MEETING SUMMARY  
October 15, 2008**

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**Spilt Classification**

- Concerned about split classification - non productive portions of farm land are vital to the overall operation and should qualify for farm class.

**Income Thresholds**

- Current income threshold for large parcels should be capped at a crop production value of \$5,000, or the current 5 percent of actual land value in excess of 4 hectares should be reduced to 3 percent in recognition that larger ranch holdings contain parcels of land that are of very low value for crop production.
- Everything that is produced on the farm should be counted as income – from firewood to manure.
- Consideration should be given to broadening what qualifies as farm income to include income from the following: boarding, training and racing horses; stud fees; and breeder incentive awards (as deferred income received from breeding a horse). At present, only breeding, raising and selling of foals qualifies for farm status. Suggests a review of Ontario regulations for allowable income on horse farms.
- Due to economic difficulties in the past few years, the price of foals has been on the decline, resulting in difficulties meeting income thresholds.
- The use of three formulas to determine minimum income requirements for farm status is confusing – one formula would be simpler.
- Question why farm status is based on income rather than a panel of farmers and accountants.
- Concerns expressed about difficulties meeting income thresholds.

**Developing Farms**

- Concerned about developing farms receiving farm status due to long term production cycle of many agricultural crops.
- Eligibility for developing farm status could be determined by a BCA agrologist.
- Important for young farmers be given every opportunity to develop farms and live on farms and learn how to farm – brings up need for second residence on farm and tax credits for training.





## General

- Community gardens are not eligible for farm status. Consideration should be given to recognizing community gardens as eligible farm use for assessment and taxation purposes – community gardens increase capacity for local food production.
- People respond better to incentives rather than punitive measures – taxes can and should be used as a form of incentive to achieve desirable land use patterns. Taxes are a necessary and legitimate right and exercise of Government.
- Farms, and especially ranch land in British Columbia, provide many tangible and inherent benefits to all British Columbians. Agricultural land provides ecological goods and services beyond food production that are recognized by society, such as provision of wildlife habitat, air quality and the conservation of biodiversity.
- Any land dedicated to long term sustainable management of water, aesthetic values, wildlife habitat or preservation of biodiversity should be classed as farm land or as “managed wild land” with such land being assessed at the same rate as farm land.
- Compel municipalities to change the Official Community Plan and provide farm zoning to properties that are classified as farm for assessment purposes.
- Concern expressed about more authority being given to local municipalities with respect to farm classification.
- Availability of farm class and farm tax rate is essential to the competitiveness of the fruit sector.
- Supports expressed for the Panel’s interim recommendation to suspend any further large scale farm classification projects by BCA.
- Agree with Panel’s interim recommendation for BCA to use a professional agrologist to provide technical advice and suggests BCA consider making such a resource a permanent part of its staff and that the roles and responsibilities and authorities of such a position be clear.
- Current practice of disallowing farm production cooperatives access to farm status is unfair and needs to be corrected – the Province should make one-time compensation to municipalities affected when farm production cooperatives are reclassified as eligible for farm status.
- Need to protect our farmers – need to preserve local food production.
- Review changes with respect to PST rules for *bona fide farmers*.
- Uncertainty of current system is creating stress on agriculture producers. A better process which encourages certainty and the application of logic and transparent rules in any farm classification project is needed.
- Maybe there should be a two-tier rate for ALR lands – the first tier for ALR lands not used for agricultural purposes would recognize the land was available for future use as productive agricultural land; a second tier would provide the full tax incentive to keep the land productive.



**Activities that Constitute PAP and Value-Added (out of scope)**

- Seek to include the raising of bulk works (vermiculture) as PAP for assessment purposes – the Agricultural Land Commission supports vermiculture as farm use under the *Agricultural Land Commission Act*.
- Worm castings provide an effective, viable and ecological alternative for growers to reduce fertilizer and pesticide use, increase crop yield and reduce irrigation requirements. This activity is not considered a PAP, so the operation is classed as light industrial for property assessment purposes – this is inconsistent. Public bodies create operational and economic uncertainty for farmers.
- Trees should be considered as PAP for farm classification purposes. This would support the Government's goal of no net deforestation in British Columbia.



**FARM ASSESSMENT REVIEW – PRINCE GEORGE  
PUBLIC CONSULTATION MEETING  
October 20, 2008**

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**Split Classification**

- Treed areas on farms provide buffers, shelters and carbon sinks. Treed areas are also good for cattle shelter, wind buffers and water retention.
- Class the land not the farm operations.
- Farms should not be split classified.
- There should be no residential class on ALR land that is actively farmed.
- Extra dwellings that may be vacant for future use by hired help should also have farm status.
- Land classification is not our whole problem.
- Tree farming is a listed PAP.

**Income Thresholds**

- All production, even if not sold, should apply for income thresholds.
- \$2,500 threshold is too low – raise threshold but provide better benefits for farm status.
- No problem with meeting minimum income threshold, but it should be doubled to \$5,000.
- Agree with the \$2,500 minimum, but not the 21 day response period.
- Been farming since 1962, why is he called in to substantiate farm income?
- Why can't income approach work for determining farm status?
- Agree with the \$2,500 minimum

**ALR Land**

- ALR have all been forgotten – Farm Income Assurance, interest reduction. All unused land would be part of farm.
- To preserve ALR for future generations, all ALR land should be in farm class.
- There are a lot of five acre parcels with big executive homes on ALR land.
- Not too happy with ALR, but better with it than without it.
- When the ALR was brought in, the Government stole money from farmers.
- *Assessment Act* should be amended to support ALR.

**Leased Land**

- Getting more difficult to find anyone interested in leasing farm land. Young farmers can't afford it.
- Need to support young farmers. Difficult to lease land to new farmer and maintain farm status, can take up to five years for a developing farm to be fully productive.



### **Developing Farms**

- There are not many young people in farming today – don't give up on them.
- Very few young farmers starting out – need incentives to encourage them.
- Developing farms must have enough time to develop.
- Development plans should be a maximum of three years. If do not meet criteria, should be required to reimburse taxes.
- Who will feed us in the future – will it be all the big corporate farms?

### **Appeal Process**

- Make sure appeal process/staff understand agriculture.

### **BCA**

- Assessors are harassing farmers.
- Farm assessment should be the responsibility of Ministry of Agriculture and Lands.
- Reporting period of 21 days is too short, easier to give up than do paperwork, appeals, etc. It is also badly timed at harvest. Should be 60 days.
- Assessment regulations must be fair, equitable and transparent.
- Assessors do not understand farm operations.
- Feels assessors are making “brownie points” with Provincial Government.
- 21 day response period is too short, BCA is more stringent than CRA.
- Need consistency from BCA.
- Agree with the \$2,500 minimum, but not the 21 day response period.
- Big complaints about BCA. Get rid of BCA or get rid of ALR.
- Assessor used to come out to farm, now we have to do all the reporting.
- BCA has not been overhauled since 1974. Assessors used to have more discretion.

### **General**

- Over-regulation by the Government.
- Minister has said that small business will protect British Columbia during any downturn – farmers could contribute, but get no support.
- Difficult for small farmers to contribute to “Green Plan” and “100 Mile Diet”.
- Farming is different in the north.
- BCA must take into account climate zones.
- Small operators with off-farm income sometimes low ball on sales prices.
- Land prices being driven up by development pressures.
- Farmers are selling-off lands to make ends meet.
- Weather and northern conditions, lots of thistles and noxious weeds – we can't beat our competitors.
- Environmental priorities trump the weed control.
- Experts are expensive and farmers can't afford them.
- Can't slaughter animals. Can't sell eggs.



- Federal trade rules help our competitors.
- Farm assessment should not be a money grab.
- There should be consideration for those farmers who wish to retire on their land.
- Every citizen in Canada has right to a livelihood.
- Hopefully we can all work together to make the Province better so we can feed ourselves.
- The status of “bona fide farmer” is very personal and emotional – it is a deep insult to tell someone who is working very hard at farming that they are not bona fide.
- Meat inspection regulations are problematic and not helpful. New regulations have had big impact on local operators, must ship animals long distances, affects ability to market locally.
- For farmers who have been farming for long time, but wish to slow down or retire, why not “grandfather” the farm status?
- We live in an urban society – councillors and regional directors are urban people. They do not understand rural lifestyle, or agriculture.
- Urban folks are making rules for rural areas – unfair tax burden to them.
- If farm properties receive benefits or are subsidized, then Government is entitled to request information.
- Value of farm land has not increased – costs \$1,200 to clear an acre.
- Previous Governments provided 15 year loans at 2 percent interest rate, help with clearing of \$750/acre, agriculture lease/purchase program – where are they now?
- Government is trying to tell farmers how to farm with knowledge gained from textbooks.
- Weed out hobby farmers who are not seriously farming, but provide bigger break for bona fide farmers.
- Food from farm is safer to eat.

#### **Activities that Constitute PAP and Value-Added (out of scope)**

- Value-added should also be considered in determining farm income.
- Should recognize secondary products like wine.
- Pasture rent should be considered as income.
- Horse rearing shouldn't qualify for farm status – indoor riding rings should not have farm status.
- Can sell hay, but can't rent pasture.
- Can sell berries, but jam sales not included as farm income.



**FARM ASSESSMENT REVIEW – DAWSON CREEK  
PUBLIC CONSULTATION MEETING  
October 22, 2008**

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**Split Classification**

- Farms include land which is not arable – sloughs and escarpments.
- Farmer's dwelling should be classed as farm as it is essential to farm operation.
- Trees are buffers, good for run-off retention and reduce carbon footprint; BCA considers as residential use.
- Concerns about "farming must be predominate use".
- If land is classed as residential, then let farmer use the land as residential.
- Split classification is unacceptable – the cause for class action suit.

**Income Thresholds**

- Government is not interested in what it costs to make income threshold.
- No need for income thresholds on ALR farms.
- Have to show receipts and all kinds of statistics to justify farm status.
- Oil companies pay for loss of use of the land; this should be included as farm income. Lease money from oil and gas companies should also count as farm income as they take over the land.
- Farm is being defined by BCA by its "profit". If a farmer doesn't make a "profit" then the threshold should be zero.
- Received letter from BCA saying couldn't carry grain over from previous year. If income threshold exceeded, then surplus should be carried forward.
- Calculated income minimum should be included on the Assessment Notice.
- Producers should be able to allocate value of sold animals to either one of pair (e.g., mare and foal – mare sold but foal held back).
- People getting rid of horses (many are just given away). Can't compete with "free" horses.
- Should be able to hold crops until price gets better and not lose farm status.
- Some years there will be no income – fallowing, maintenance, reseeding, etc.
- Need averaging, just like federal programs.
- Some years in fallow or crop loss – should consider income over more than one year.
- Illness can hamper ability to farm e.g., seeding.
- No problem meeting the income threshold so far.
- Summer fallow is part of management regime and part of crop rotation – shouldn't be penalized and lose farm status.
- Lease payments not included as farm income.
- Bale hay and sell it - that is considered as income. Why not the pasture?



### **Leased Land**

- Have to rely on a neighbour who leases the land to provide income threshold.
- Difficult to find someone to lease land.

### **Developing Farms**

- Only the Hutterite colonies have any farm succession plan – there is no Provincial policy of assistance or incentive for young farmers.
- Help out the part-time farmer.
- A number of older single women are trying to farm.

### **ALR Land**

- ALR designation should be the only requirement for farm status.
- If land in ALR transfers to another party the new owner must fill proper documents to retain farm status – land is in the ALR and actively farmed – should be classed as farm.
- Self sustaining government bureaucracy – BCA does not understand farming nor original intent of ALR.
- What happened to the Income Assurance?
- Land in ALR cannot be subdivided – how can it be split classed?
- Been told we must diversify. But in ALR, we cannot run commercial business.
- ALR land cannot be subdivided – no way to cut off a piece to retire on or provide residence for children to take over.
- 40 percent of ALR is in the Peace River area.
- Why is this residential in ALR, why not waste land in ALR?
- ALR land can't be residential.
- ALR land is there for the future.
- A lot of farm land is not in the ALR and get much of the same benefits.
- If you want to be taxed as farm, put your land into the ALR.
- Ministry of Agriculture and Lands recognizes Crown land going into ALR – how can BCA say it is not a farm?

### **BCA**

- People are phoning BCA to find out what you are doing.
- Package of documents is daunting.
- Make forms more simple.
- Change reporting date from October 31 to December 31.



- When you phone BCA you can't get an honest answer.
- Assessment policies are driving farmers out of business.
- Paperwork and reporting for October 31 is onerous.
- BCA staff is interpreting the policies and splitting off unarable land.
- Have experienced "three years through the BCA ringer".
- BCA needs common sense – lease is paid by cultivated area – 120 acres of quarter is actually leased, 40 acres is slough.
- BCA can assess your improvements without coming onto your property.
- Trying to get farm status back and have no trust in Government. You do all the work and BCA tells you they will get back to you.
- BCA's perspective: We have the authority to access your land and we try to inform farmers beforehand that we are coming. BCA has taken the hit. Should be the MLAs and Government – they make the rules, BCA only applies them.
- This is about taxes not assessments.
- BCA does not know the total value of farm land as it is not assessed at market, it should be.
- ALR land tax relief should be dealt with through the tax system. The Legislature determines how much land will be taxed and MLAs should be aware of the impacts of the tax rates set.
- BCA only gave one day notice of visit.

### **Appeal Process**

- Government should do a better job of selecting PARP members – sometimes a conflict of interest.
- At least one PARP member should be able to honestly say they have a farm background or have some farm affiliation with farm association, especially in an area where there are lots of farm issues.
- PARP needs better training and more knowledge of common law.
- PARP members should be prepared to serve for 10 years.
- Justice must appear to have been done – at least have feeling of having received justice.

### **General**

- Site "C" is an insult to agriculture.
- No other property classification is required to adjust their use and class.
- Cost to maintain farm land is estimated to be \$50/acre in the United States and \$180/acre in Europe.
- Who can initiate requests for relief under Section 6.1 of the Regulation (hardship, extraordinary circumstances) - why is this not a proactive effort by the Provincial Government to apply the relief appropriately?





- There does not appear to be any connection between agricultural regulations and the *Assessment Act*.
- Unnecessary interference by Government in farming operations.
- A farm is a farm and Government should show some respect.
- Land values are going up due to purchases by non-farmers.
- Can be taxed as rural residential, but can't sell farm to Government.
- All farm classifications should be reinstated.
- Farmers are a lost species in British Columbia.
- 19,000 farms in British Columbia (Stats Canada), only 6,000 are commercial farms.
- Agriculture is caretaker of green space.
- About 5 percent of farmers make a good living, 95 percent survive.
- Leaders lost contact with food producers.
- Urban governance does not understand agriculture.
- Punitive farm tax policies should be avoided.
- Cash cow is beat up and drying up.
- Taxation policies – “bigger is better”.
- Give farmer freedom – not necessarily more money.
- Farmers that are good managers will prosper.
- Give consideration to retired, disabled farmers to stay on their farms.
- Family farms developed over long time period should be heritage farms.
- If farming for 10 years then should be able to stay on farm with farm status.
- The farm is a farmer's corporate pension plan.
- If complete federal income tax return as a farm then should be considered a farm for provincial assessment purposes.
- Farmer should be able to choose income reporting or income tax return – whichever is most advantageous.
- Need different guidelines for north as farming is different.
- Can't grow berries in this climate – farm assessment rules should recognize regional differences.
- Farmed for 45 years on same land, now retired and land leased out, dwelling is residential – should be able to stay in home.
- A tax grab by Provincial Government – oil and gas companies get better opportunity to move onto land.
- Treed areas – sequester carbon, buffer – improving environment – has a value
- Policing is done without knowing risks.
- Farming on small parcels is more important on Vancouver Island and the Lower Mainland.
- Are Small Business Programs linked to farm operations?
- “Small farmers don't lose as much money”.
- Farmers are contributing to communities regardless of size of property.
- We farm because we want to grow food to feed people.



**Activities that Constitute PAP and Value-Added (out of scope)**

- Manure should be considered a PAP.
- Use manure to increase yields – needs to be recognized as an income because it leads to more income in the future.
- Farming is not necessarily just food production, but now includes biofuel feedstock.
- If there is wildlife on the farm, hunters should be charged a trespass fee which should qualify as farm income.
- If problem wildlife killed on farm then bounty should go to the farmer.
- Should include breeding fees for stallion, boarding fees for visiting mares, semen and embryo sales. If animal dies on farm before marketed, then the value of animal should be considered as farm income.



**FARM ASSESSMENT REVIEW - ABBOTSFORD  
PUBLIC CONSULTATION MEETING  
October 27, 2008**

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**Split Classification**

- If you are raising livestock, particularly horses, you live on the property and all the property should be farm, no split class.
- If the farm operator needs to be on the farm property then the residence should be classified as farm too.

**Income Thresholds**

- To qualify for farm status you must breed horses and sell one horse each year. This leads to less than best breeding practices.
- \$2,500 income threshold at least is good.
- Increase income threshold to \$5,000 for all properties under 10 acres.
- Vary the threshold by region and commodity.
- The income threshold should stay for non-ALR land.
- If income threshold minimum is raised above \$2,500, up to 50 per cent of small lot farmers will drop out.

**ALR Land**

- ALR land and property tax benefits should be separate from other benefits (e.g., PST exemptions).
- ALR land should have farm classification.
- ALR must be farmed to avoid development pressure on it.
- ALR has a different list of acceptable farm uses – should these be harmonized with assessment policy?
- When ALR brought in, property owners lost some of their rights to their properties.
- Undemocratic to now require a minimum income from property - all ALR land should have farm status.
- ALR land is there for future generations so why must a farmer demonstrate income today?
- There are many farm operations that are not on ALR land.

**Appeal Process**

- Appeal process is too informal.



## **BCA**

- Paperwork is onerous.

## **General**

- Consumer is making a choice to buy local produce.
- Mega houses can effectively make a property unfarmable if placed in the middle of the property – will be difficult to lease – often no intent to farm – impacts neighbouring farm properties.
- Municipalities should use footprint restrictions.
- The policies have turned honest people into crooks – find ways around the assessment issue by setting up cropping arrangements and/or share interests in production unit.
- It is a shame that farmers who are stewards of the land must be in a defensive position.
- Municipalities should set tax rates to provide appropriate relief for farms.
- Low farm taxes are inequitable for property owners on a lot.
- Farm status is a tax break – any revenue shortfalls then must come from other taxpayers in the area.
- There are a lot of people “playing the system”.
- Most want their taxes reduced.
- The property tax benefit is the driver for most small farmers.
- Farm status benefits don’t make that much difference.
- Farm benefits should go with the activity and not the property – so if move farm to another property - should not lose status.
- Agriculture/farm land in municipality is good for municipality.
- Some think that the current farm status benefits are not big enough to make the farming commitment.
- Preserve potential of land that could be farmed.
- Make it more economically viable to farm small lots.
- We are experiencing a limited land base and restricted water supply which affect our ability to grow food.
- Does not farm just for the tax break – but because he wants to.

## **Activities that Constitute PAP and Value-Added (out of scope)**

- Extend the list of PAPs.



**FARM ASSESSMENT REVIEW - SMITHERS  
PUBLIC CONSULTATION MEETING  
November 6, 2008**

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**Split Classification**

- The home is the business centre of the farm.
- Home and homesite taxing would be fairest way to make sure that everyone pays a fair share for services received.
- Need to encourage new farmers – split classification is problematic.
- No such thing as quarter section that is fully farmable – creeks, knolls, trees should be considered.
- Bush is important to livestock in summer time – insect relief, browsing.

**Income Thresholds**

- Federal income tax report would work.
- Have a number of parcels – have to prove income from each one, which is neither practical nor possible.
- Hay share crop revenue was not included.
- Rather than set income standards, just encourage people to farm.
- If you are losing money you should get a credit?

**BCA**

- Not clear to purchasers of properties with farm status that they must make sure they make the application to BCA to carry on the farm status.
- Always a surprise to get letter asking to prove you are a farmer.
- Reporting year at October 31 is not consistent with farm business model (January 1 – December 31).
- Keep regulations as simple as possible.
- Should be some provision for periods when farm is not in usual full production.
- October 31 falls at a very awkward time – harvest, shipping, auction, etc.
- Hope that Panel can make recommendations to make farming better.
- Need simpler forms, more user-friendly.
- BCA staff stopped on property when no one was at home and left a note on the door saying “assume your shop will be completed”. The farmer has not been able to contact BCA staff on this.

**ALR Land**

- Lots of land in local area is not in ALR, seems that focus is on ALR lands.
- Make it easier to put land into the ALR.
- Agriculture leases are in the ALR – this is good policy.
- ALR should be a work in progress.
- Seems that it is easy to take land out of the ALR for housing and industry.



## General

- Need more local processing – agriculture industry needs to be recognized as requiring infrastructure and appropriate classification.
- On farm abattoirs need to be able to process more than just their own production as they become more successful. They can provide service and support to the farm industry.
- Sometimes it takes two years to get a new planting to a harvestable level. Term of developing farm status should recognize this time requirement.
- High start up costs.
- Older farmers are retiring and there is no one to replace them.
- There is a tax break for passing land on to family members – as a land transfer only – there should be a similar program for new entrants.
- Growing demand for local products. More sellers – not all organic.
- What gives value to farm land – do you have adequate water, then views and river frontage.
- What happens when there is a movement to grow trees as carbon sinks.
- Retiring soon, farm may be transitioning to next generation, farm land is there for future – need to hang on to the land.
- Farmers markets are an important part of farming – the smaller producers need to be included – smaller farms are important.
- We cannot produce enough food locally to meet the demand, so we import – must be a surplus of food at source.
- Policies around the world to support emerging crops will change the use of arable land and types of crops grown.
- Agriculture operations and practices vary a great deal in different areas of the Province.
- Need a larger land base in the north as only one crop is possible.
- Should be different regulations for north or policies should reflect the constraints on farming in northern climate.
- Climate, soil type, access to grazing leases dictates practices and opportunities.
- Non-productive land has environmental and social value.
- No complaint about land taxes.
- Land is being valued for uses it was not intended.
- Having farm status on land counters subdivision pressure.
- Agriculture is very difficult now.
- Is policy to ensure preservation of land or the active use of the land?
- Most farmers in this area have off farm jobs to support farms.
- Very difficult to find local or British Columbia produce in supermarkets.
- There is no incentive to keep land as farm.



**FARM ASSESSMENT REVIEW - COURTENAY  
PUBLIC CONSULTATION MEETING  
November 20, 2008**

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**Split Classification**

- Do not split classify farm properties that are being actively farmed, either within the ALR or outside of it.
- Natural areas that are part of an active farm should be taxed at the farm rate, in order to support the preservation of plant and animal biodiversity in those areas, and because farmers do not make a profit off of them.
- Lands on which the Department of Fisheries have forbidden agricultural activity, but which are owned or leased by a bona fide farmers, should be taxed at the agricultural rate or not at all. They should not be taxed at a residential rate.
- The Panel should recognize the role of the UN Convention on Biodiversity when formulating their recommendations.
- Land that a farmer deems to be more useful to the farm in a natural state, such as fallow lands, coastal windbreaks or water storage, should be assessed as farm land.
- Full farm status should be retroactively reinstated to farms that were split classified in the recent rounds of reassessments.
- Lands that are not in production may be fallow areas or lands that provide biodiversity and habitat and should not be at all.
- These lands should not be taxed at all because farmers do not make any profit off of them.

**Income Thresholds**

- Farmers who raise rare breed animals or who cultivate rare breed crops should get farm status on their land regardless of the income earned from this work.
- Hay should be valued as farm income at the current market rate regardless of whether it is sold or consumed, in order to support small cattle producers who are struggling to meet income requirements in tough market conditions.
- A graduated system of land tax incentives should be considered, whereby the tax incentives increase the more revenue a farm generates.
- Federal income tax statements should be able to be used in determining farm income to reduce the administrative burden on farmers.
- Federal income tax statements should not be accessed without the permission of farmers to help determine farm income or farm status.

**BCA**

- No changes are needed in the current assessment practices in the Courtenay area.
- More support should be given to BCA in the form of agricultural expertise.
- Assessment process with BCA assessor in Nanaimo was positive and helpful.
- The Province needs to invest in the knowledge of assessors to ensure that more people have positive experiences with them.



## **General**

- Recommendations should not be designed to reduce abuse of the farm tax system when this might also cause hardship for sincere farmers.
- British Columbia is the number one hotspot for agriculture in Canada.
- People want to keep farm status.
- The diversity of farms in British Columbia is attractive, but there are fewer equipment dealers.
- Both the Ontario and Quebec governments give more economic support to farmers than British Columbia.
- The lack of Government support for farming in British Columbia makes farming more difficult in this Province.
- It is also important to recognize grasslands and other natural areas as wildlife habitat, sources of biodiversity and as economically important to the region.
- The whole farm is a conservation area. We provide ecological goods and services.
- Federal and Provincial Government Ministries that govern agricultural production should improve their inter-agency communication to reduce contradictions in policies.
- At the Provincial level, the Ministry of Environment promotes conservation and riparian areas, and BCA's practices contradict these values.
- More Government support should be given to farmers.
- Develop an exemption on set-aside lands to encourage more participation in the Environmental Farm Plan program.
- Food security of British Columbia's regions should be a foremost consideration in the Panel's recommendations.
- The Panel's recommendations should support small scale agriculture.
- Food security is the issue that should be foremost in the Panel's mind.





**FARM ASSESSMENT REVIEW - PEMBERTON  
PUBLIC CONSULTATION MEETING  
November 21, 2008**

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**Split Classification**

- Should be a level playing field for farmers. *Community Charter vs. Taxation (Rural Area) Act* – why are the exemptions different?
- Concerned about split classification of Saanich properties; for example, focus on income and production - what about the value of the overall production and the other contributions – stewards of the land?
- What about a leased farm that has some trees on the land (land is in the ALR), are the trees taxed at a different rates?
- Farming classification should be based on food production.

**Income Thresholds**

- Competitive and innovative – it is becoming more difficult to market products. The cattle business has had big problems.
- Income threshold should not be based on the area of the farm. Sometimes have treed areas that take time to incorporate into the farm – need to take this into account, must be environmentally responsible.
- We still have lots of food but local farmers are still having a problem with making a real living – too much supply not enough demand to drive up the prices. Need to be more fair, e.g., Mexico is taking on the greenhouse business.
- If a property owner brings in other commercial opportunity, such as a small sawmill to augment his income, why should this negatively impact the farm status? Some conflict here with the requirements of the ALR, conflicts with local politicians, etc.
- What is the rationale on the \$10,000 threshold on small operations? This could be a barrier to young farmers trying to get started on smaller holdings.
- Horse operations do buy hay.
- A lot of pressure on the farm land that is being turned over to horses, why are they on the list of PAPs? New owners don't like sprays.

**Developing Farms**

- Support long term farms and maintain farm status as long as the owner stays on the farm. When farmer retires it is difficult to get anyone to take on the farm operations, better at home then in a care facility.



### **ALR Land**

- If the riparian areas are on ALR land, they should still be classed as farm.
- If all ALR land is classed as farm, should there be a requirement that the land also be farmed? Or is the ALR restriction enough?
- In the Lower Mainland and southern Vancouver Island, land sells at about the same value, whether it is in the ALR or not.
- There should be more support given to farmers who are trying to make a living, particularly on ALR land.
- There appears to be a tendency for the Agricultural Land Commission to be more restrictive in accepting arguments for community need for taking land out of the ALR.

### **BCA**

- Come out and have a look at the farm operation to determine if farming is being carried on.
- Have there been more assessors hired in the last few years to keep up with the changes?

### **General**

- A professional agrologist could provide support for a developing farm and sign off the application, then it is a question of time lines to produce product and meet conditions of the agreement.
- Need for mobile abattoirs, under new regulations, very expensive to establish processing facility.
- Regulations should be based to support users not focus on dealing with abusers.
- Buffering is essential to farm operations.
- Recognize the legitimacy of small farmers.
- How do riparian area restrictions affect the farm status?
- Seed potato growers must spray seed potatoes to get them certified, but there is pressure from the newcomers to stop.
- Urban sprawl is an issue that needs to be addressed in terms of pressure on farm land.
- Buy local and support farmer. Know the producer and the product.
- Are written submissions better than just the oral presentations?
- Farmer leases a lot of land, the forms are complicated for lessor/lessee to complete, some pressure on lease rates if land owner sees what the income is from the property – use of income tax info very useful.
- Nice to have the Panel here to listen, gives a sense that Victoria cares about Pemberton.
- Concerns of farmers are different in the various areas of the Province, how is the Panel going to take all these differences into account in trying to come up with recommendations that may apply all across the Province?



## APPENDIX C: SUMMARY OF PUBLIC INPUT

Members of the public and representatives from agricultural associations have raised a number of issues related to the assessment and taxation of farmland with the Panel. A number of the issues raised during the consultations were specific to particular regions, such as providing considerations for retired farmers in the rural areas. Others were consistently raised throughout the consultation and submission process, demonstrating common concerns among British Columbia's agricultural communities.

Suggestions and ideas generated from public consultations were grouped into eight general issues.

1. Farm income thresholds.
2. Split classification policies and practices.
3. Agriculture products and services qualifying for farm income.
4. Farm building classification and exemptions.
5. Retirement and succession.
6. Regulation and assessment process.
7. Abuse of the taxation system.
8. Biodiversity, local food and sustainable farm practices.

The summaries below highlight key ideas and concerns raised during the public consultation process.

### 1. Farm income thresholds

Several submissions expressed concern that the current income threshold is too low, especially for properties of less than 0.8 hectares or farms outside the ALR. However, there are also concerns that raising the income threshold may:

- create difficulty in sectors that are currently struggling;
- create difficulty for start up, small, part-time and retiring farmers;
- encourage poor land management techniques such as over-grazing or low quality breeding;
- concentrate production in higher-value agricultural sectors only; and
- does not encourage agricultural production among a population of farmers who are increasingly farming part-time.

Other concerns about the income threshold are:

- Implement a single threshold, similar to the Ontario model.
- Costly and time consuming to calculate annual income twice, according to two dates and two sets of criteria, for two separate agencies - one for the income tax purposes and the other for farming income reporting purposes.



- The threshold, especially the higher requirement for small farms, becomes difficult for farmers who are:
  - producing low-value commodities;
  - farming poor quality soil or farming in an especially difficult climate; and/or
  - facing unpredictability such as poor weather, poor harvest, collapsed markets or personal illness/injury.
- Meeting the income requirement without counting income from on-farm processing can be difficult.
- The current one-year grace period from the income requirement in the Section 6.b of the Farm Class Regulation is not sufficient to support farmers facing economic difficulties.

## 2. Split classification policies and practices

- Property owners have limited means with which to avoid split classification on their farm land, for example:
  - farm land may be classified at a use that is not permitted by municipal zoning, or federal riparian regulations;
  - there are restrictions on subdividing of the parcels within ALR; and
  - parcels of farm land may not be arable, may be poorly arable or have reduced accessibility.
- Split classification practices cannot be applied with uniformity across the Province.
- Land parcels that are uncultivated or not directly generating income can be vital to farms, for example:
  - fallow land, field margins, set-asides, buffers, water bodies, etc. can support soil structure and composition, limit weed infestation, provide habitat for pollinators, sources of agricultural water, etc.;
  - cover cropping is a necessary practice for organic certification (including the upcoming Canada Organic standard); and
  - treed buffers are commonly used to prevent cross-pollination between seed fields.
- Uncultivated lands provide both psychological and tangible benefits for communities, such as improved air and water quality and wildlife habitat.
- The message of the Environmental Farm Plan, that green space and good environmental stewardship is important on a farm, appears to conflict with the practice of split assessment, which can discourage the preservation of natural areas and ecological approaches to agriculture.
- Split classification may encourage development and subdivision of agricultural land. It may also reduce a farmer's autonomy in managing their properties.



### **3. Agricultural products and services qualifying for farm income**

- Income from value-added products/activities should qualify toward farm status.
- Worm castings, manure, birch and maple sap and products and services related to horse racing and breeding should count toward farm income.
- The provision that over 50 percent of the products packed in a packing house must originate on that farm inhibits business expansion and the establishment of on-farm processor cooperatives.
- Food production should be given a more favourable taxation treatment than non-food agricultural production such as floriculture and equestrian operations.

### **4. Farm building classification and exemptions**

- The exemption rates on farm buildings are outdated and no longer transfer adequate benefit to property owners given current building costs.
- Farm residences are integral to farm operations and should not be taxed in a separate classification from the farm.
- Conversely, people who live in a farm house use municipal and regional district services and should pay the same taxes as non-farmers on the land under their residences. Farm land, however, does not use much in the way of such services and should not be taxed for these services.

### **5. Retirement and succession**

- Farmers are retiring in large numbers.
- The difficulties facing an aging population – increased illness, widowhood, physical restrictions, etc. - can make it difficult for farmers to maintain their farm status.
- Agricultural knowledge is being lost with the current generation.
- There is a need to encourage new entrants into farming.
- It is a risk to farmers to lease their land to first time farmers who may not be able to make the income threshold in their early years.

### **6. Regulation and assessment process**

- The Farm Class Regulation is complex and difficult to understand.
- The paperwork is excessive and structured in a manner that is inconvenient for many farmers.
- Concerns about the BCA:
  - some assessors lack basic knowledge of agriculture, especially small-scale agriculture and, as such, assessment/taxation regulations are inconsistently applied; and
  - BCA's farm land assessment process depends upon having farmers educate assessors about their particular farm, yet assessments are often conducted in the farmer's absence.



- Concerns expressed about PARP, PAAB and the appeal process:
  - the appeal process is structured in a way that is disadvantageous to farmers:
    - appeal hearings occurring during prime farming season;
    - farmers do not have sufficient time to prepare and launch an appeal;
    - the percentage of farmers who win assessment appeals is quite low; and
    - if BCA loses an appeal, public funds cover the cost of the decision.  
However, if a farmer loses an appeal they need to pay the court fees for both parties privately;
  - some PAAB members do not have agricultural expertise;
  - farmers that have recently finished an appeal process can find themselves reassessed in the manner they just appealed, the following year; and
  - BCA's right to launch appeals against PARP and PAAB decisions should be rescinded.

## **7. Abuse of the taxation system**

- Some homeowners are getting benefits of farm taxation status without making sincere efforts to produce.
- Uncertainty over the extent of abuse to the taxation system.
- Pursuing abusers through changes to the farm tax system risks creating hardship for legitimate farmers.

## **8. Biodiversity, local food and sustainable farm practices**

- “Strengthen community food systems” is one of the strategies outlined in the BC Agriculture Plan, which also supports the “100 Mile Diet” concept.
- Need to value the conservation of ecological goods and services - small scale organic farms should be encouraged.
- A rancher should not be penalized for developing an environmentally sustainable land base that is comprised of a mixture of arable and non-arable or cultivated and non-cultivated land.
- Small farms help preserving farm land and support Canadian food security.
- There is a need to conserve farm animal genetic resources.

Besides the eight key issues discussed above, there are several issues outside the scope of the Review that were raised repeatedly across the Province (i.e., governance of ALR lands, municipal zoning and meat inspection regulations). Particularly, there is a strong consensus indicating the need to review the list of products that constitute PAPs in the Farm Class Regulation, e.g., to include some value-added products and activities.



**APPENDIX D: SUBMISSION STATISTICS  
(LETTERS AND EMAILS RECEIVED FROM NOVEMBER 2008 TO APRIL 2009)**

Issue	Recommendation	Individual Submissions	Group Submissions	Total
<b>Key Issues</b>				
<b>1. Farm income threshold</b>	Adopt the Ontario model and use the CRA system for declaring farm income to BCA.	4	4	8
	Amend the current income reporting period (November 1st to October 31st).	3	2	5
	Alternatives to the income threshold as the basis of farm status may be explored (i.e., use ALR qualification or “actively farmed” as criteria).	9	4	13
	Require a higher threshold for farms that are outside the ALR; none for farms in the ALR.	1		1
	Reduce the income threshold for very large farms.	1		1
	Reduce the income threshold for small farms.	2	4	6
	Raise the income threshold to prompt more agricultural production (e.g., phased in over years).	4		4
	Do not change the existing income thresholds.	4	2	6
	Eliminate the “under 2 acre” income category (i.e., change to under 10 acre).		3	3
	Establish a single income requirement for farms of all sizes.	2	1	3
	Need a better formula to calculate the live weight value of poultry.		1	1
	Give considerations to age/illness/death of the farmer or his/her spouse, or unforeseen circumstances (e.g., drought, mad cow disease).	8	2	10
	Proportional allowance need to be made for long-standing farms (e.g., maintain farm status even they are non-productive for one year).		1	1
Prefer a low income threshold.	1	1	2	
<b>2. Split classification policies and practices</b>	Certify or give tax credits to uncultivated areas that are held for PAPs and/or for environmental stewardship and ecological goods and services.	21	15	36
	Encourage the preservation of the existing tree stock on agricultural land.	2	2	4



	All properties in the ALR should be classified as farm land.	12	5	17
	ALR and non-ALR lands (including leased land) should be treated the same.	2	3	5
	All properties generating the required income should qualify as farm land. Split classification should not occur within the boundaries of a legitimate farm.	1	3	4
	Establish a new property class for uncultivated parcels of farm land and recommend a mill rate between agricultural and residential classes.	1		1
	ALR land should be taxed/assessed at a rate between farm and rural residential.	1	1	2
	Farm class, not residential, should be the default classification on bona fide farms.	1	1	2
	Need to define what a farm unit is and not restrict farm assessment to a parcel by parcel definition.	3		3
	Stop split classification.	9	3	12
	Farm status should only be given to land that being actively farmed.	3	1	4
	Establish a two-tier rate for ALR lands: one for active agricultural production and the other for temporarily inactive farms.		1	1
<b>3. Agriculture products and services qualifying for farm income</b>	All income generated on the farm (including income from value-added products) should qualify as farm income.	1	1	2
	Amend the rules for on-farm packing houses and on-farm processing (e.g., grant farm status to cooperative packing house in the Okanagan).		4	4
	Align recognized sources of agricultural income with those recognized by the CRA or the <i>Farm Practices Protection Act</i> .		1	1
	Establish a new classification, or a sub-category of the agricultural class called 'farm industry' that would specifically apply to on-farm processing.	1		1
	Income from farm tourism and farm/garden therapy should be included.	1		1
	Consider community gardens as farm.	1		1
	Give considerations to horse breeders (e.g., recognize deferred income).		1	1





	Business located in a farming district should not be farm exempt.		1	1
	Part of the farm product that is consumed or utilized by the farmer should be included in the gross revenue.	1		1
<b>4. Farm building classification and exemptions</b>	Large or more expensive farm residence should be taxed at progressively higher level.		1	1
	The tax exemption for farm buildings should be increased.	1	2	3
	Farm buildings and their improvements should be completely exempt from taxation.	1		1
	Buildings used for agricultural purposes, for on-farm diversification or for value-added production should be assessed as part of the farm and given farm status.	1		1
	The dwelling of a bona fide farmer should have farm status.	1		1
	Old buildings on the ALR lands that have cultural or historical value should be classified as farm.	2		2
	A "Home and Homesite" approach should be implemented on farm properties.	2	1	3
<b>5. Retirement and succession</b>	Attract and retain new/young farmers (i.e., tax credits for training programs).	5	2	7
	Provide incentives to encourage entry, give flexibility and make it easy for people to acquire land and build an infrastructure for farming.	2	1	3
	Increase the incentives to landowners to make their arable land available for lease by a farmer.	3	1	4
	Implement a grandfather clause for farm classification or incentives to allow retired farmers to maintain farm status on their property until such time as it is sold or rezoned.	5	4	9
	Extend the developing farm provisions (Farm Standards Section 8) to make it easier to begin farming.	2	4	6
	Provide tax credits to farmers who are willing to take on apprentice farmers.		1	1
	Should support part-time farmers and/or hobby farmers.	6	1	7
	Family members work on the farm should be considered farm employees and the land they occupied should be classed as farm land.		2	2
<b>6. Regulation and assessment process</b>	Simplify the necessary paperwork (e.g., harmonize with the CRA income tax reporting procedures).	3	3	6
	De-link farm benefits from the farm assessment process.		2	2



	Assessors should only assess farms who may be subject to split classification or reclassification, or with whom they have recently been involved in appeals, when the property owners are home and can participate in the assessment process.	1		1
	BCA should hire a permanent agrologist to assist with, and to help prevent, farm assessment appeal cases.	2	2	4
	More agricultural training should be provided to assessors (e.g., agrology, information regarding small scale and organic agriculture).	4	3	7
	Establish a 'Small Farm Advocacy Office' to provide outreach expertise for new entrants and support farmers during appeal processes.		1	1
	Make the assessment/appeal process more transparent and farmer-friendly.	8	5	13
	Allow qualifying farms to remain in farm status until the land is rezoned or sold.	1		1
	Limit the frequency with which farms can be reassessed, particularly after appeals.	1		1
	Do not use the "highest and best use" approach when assessing farms.	3	1	4
	BCA should not have the right to appeal decisions made by PARP or PAAB.	1		1
	Give considerations to regional differences.	5	3	8
	Establish a council for farm assessment purposes.	1	1	2
	Involve local and regional farmers in the decision-making process.	1	1	2
	Develop consistency between policy and ensure that farm assessment policy align with other agricultural policy of the Provincial Government.	2		2
<b>7. Abuse of the taxation system</b>	Do not amend the system to pursue abusers; the system should be designed for users and too many legitimate farmers may be disadvantaged by that approach.	1		1
	Focus the taxation system on providing incentives for all kinds of farming.	1		1
	Establish a review committee comprised of farmers to investigate possible cases of abuse of the farm tax system.	1		1
	Institute a recapture tax to retroactively collect the taxes that a landowner would have paid if their land had been in residential class, if, and at such time as, the land is rezoned or reclassified (this is especially suggested where land has been 'held for future farming' but not actively farmed).	1	2	3



	Investigate the extent of abuse to the taxation/assessment system (e.g., part-time farmers, hobby farms).	4		4
	Strengthen audit and reporting requirements for farmers.	2		2
	Use the CRA system for declaring farm income to eliminate "cash" operators who abuse both the taxation and assessment systems.		1	1
	Monitor the leasing practices.	1		1
	Monitor hobby farms and farmers with big houses.	1		1
	Cross reference with Production Insurance Department or BC Agriculture Corp.	1		1
	Investigate some "horse properties" – pet ownership should not be qualified as a farming activity.	1		1
	Actions that encroach on the farm land should be penalized.	2		2
	Catch "estate farmers" – farm status and tax advantages need to be removed unless land based agriculture is involved.	1		1
	Use the Alberta property taxation system as an example and prevent very large non-farm houses from getting the benefit of ALR.	1		1
<b>8. Support biodiversity, local food and sustainable farm practise</b>	General support.	26	6	32
	Provide incentives for those farmers investing in the conservation of heritage genetics.	1	1	2
	Provide incentives to support local food production and sustainable agricultural practices.	3	1	4
<b>Other Issues</b>				
<b>1. Support for BC Agriculture</b>	General support for organic and ecological farming.	7	4	11
	Specific support for ALM Farm (in Sooke, British Columbia).	1		1
	General support for small farms.	19	5	24
<b>2. Panel next steps</b>	Issue a report for further public consultation.	5	1	6
<b>Out of Scope Issues</b>				
<b>1. Definition of "Primary Agricultural Production"</b>	Should include value-added products/activities.	4	7	11
	Review and make additions to the list of PAPs that count toward the income threshold (e.g., to include vermiculture).	7	7	14



	Should include agricultural services.		1	1
	Recognize trees as farming crop.	1	1	2
	Value hay regardless of its end use.		1	1
<b>2. Governance of ALR lands</b>	Extend ALR and preserve farm land for future generations.	9	4	13
	Review ALR policies regarding surface oil and gas development.	2		2
	Amend policies to allow two permanent homes on each farm.		1	1
<b>3. Municipal zoning</b>	Municipal planning should be consistent with BCA assessment.	2		2
<b>4. Meat inspection regulations</b>	Review and revise the current meat inspection regulations to support small farms.	3	1	4
<b>5. Private forest lands</b>	Should be classified as farm land.		1	1
<b>6. Property tax</b>	Reduce tax rates on farm land.	3	1	4
	Consider a graduated system of property tax incentive.		1	1
	More tax relief for rural farmers.	2		2
	Provide no tax exemption and establish only one rate of tax.	1		1
	Provide property tax incentives for ALR land (exclude the predetermined encompassment area of the urban centres) - similar to the "Islands Trust Area".	1		1
	Property tax exemptions and PST exemptions should be separated.	1		1
<b>7. Others</b>	More funding for fencing.	2		2
<b>Total submissions reviewed: 118</b>				
<b>Individual submissions reviewed: 85</b>		<b>Group/Association submissions reviewed: 33</b>		



## APPENDIX E: BACKGROUND RESEARCH AND PUBLICATIONS

### 1. Ontario's Farming Income Threshold

Although no specific definition of farmland is provided in the Ontario *Assessment Act*, farm land is generally described as “any tract of land devoted solely to agricultural purposes, under the management of a tenant or owner.”

There is no income threshold for land to be designated as a farm. However, there are income requirements for property tax purposes. Under the Ontario *Assessment Act* that came into effect in January 1998, eligible farm lands can be classed in the Farm Property Class and taxed at 25 percent of the municipal residential rate. Eligibility criteria for this class are:

- A. The property must be assessed and valued as farm land. This assessment is carried out by the Municipal Property Assessment Corporation, which operates under the authority of the Ontario Ministry of Finance.
- B. The property must be used as part of a farming operation generating Gross Farm Income (GFI) of **at least \$7,000** as reported to Canada Revenue Agency for income tax purposes. If the GFI is less than \$7,000, property owner may still be eligible for the Farm Property Class tax rate if the owner satisfies the requirements for an exemption.
- C. More than 50 percent of the property must be owned by Canadian citizens or permanent residents of Canada.
  - If the property is owned by a business which is a sole proprietorship, the owner must be a Canadian citizen or permanent resident.
  - If the property is owned by a business which is a partnership, more than 50 percent of the profit or loss of the partnership must be allocated to the partners who are Canadian citizens or permanent residents.
  - If the property is owned by a business which is a corporation, more than 50 percent of the voting shares must be owned by a Canadian citizen or permanent resident.
- D. A valid Farm Business Registration number is required for the farm business operating on the land, unless one of the exemptions applies and is granted. Continued eligibility for the Farm Property Class tax rate requires the yearly renewal of the Farm Business Registration number.

Farm property that does not meet these eligibility criteria is classed in the Residential Property Class and taxed at the full rate set by the municipality.



Annual exemptions from the \$7,000 income requirement may be made in cases where:

- A. A “normal production year: did not occur, but if it had, the gross farm income would have been over \$7,000 (this applies to cases of crop failure, aberrant weather, etc.).
- B. The land owner, spouse or common law partner was unable to carry out regular farming activities as a result of age, illness or death (the person carrying on the farm business must be the property owner and have operated the property and qualified for Farm Tax status for at least ten years prior).
- C. A new farm is planning for, or beginning operations. To qualify for this exemption, land owners must clearly demonstrate that the operation will gross the \$7,000 income in future years. The length of the start-up period must be realistic and relative to the commodity being produced.

The Ontario Ministry of Agriculture, Food and Rural Affairs administers the application process for the Farm Property Class Tax rate and is responsible for reviewing the above eligibility criteria before a property can be placed in the Farm Property Class.

## 2. Cross Jurisdictional Review: Farm Classification

CANADA				
Province	Minimum <sup>i</sup> annual gross farm income <sup>ii</sup> and/or minimum land base	Authority	Notes	Minimum annual gross farm income, or legal requirements, for fuel tax exemption
British Columbia	Minimum income* requirements are calculated as follows: <ul style="list-style-type: none"> <li>• \$10,000 on land less than 8,000 m<sup>2</sup> (2 acres)</li> <li>• \$2,500 on land between 8,000 m<sup>2</sup> (2 acres) and 4 hectares (10 acres)</li> <li>• On land larger than 4 hectares (10 acres) the farmer must earn \$2,500 plus 5 percent of the actual value of any farm land in excess of 4 hectares.</li> </ul>	BC Assessment <i>Assessment Act</i>	*Annual income on farm gate prices for either of the last 2 years ending October 31 on the sale of PAPs.  Receipts from farm gate sales are frequently requested by BCA as evidence of sales. In the absence of receipts, BCA staff will rely on local market prices supplied by the Ministry of Agriculture and Lands or other local sources.	Must be bona fide farmer under the <i>Assessment Act</i> .



Alberta	<p>No minimum income required.</p> <p>Minimum land base: one acre.* In urban municipalities, the majority of time, the first three acres that can be serviced using water and sewer are not valued as agricultural.</p>	<p>Alberta - Department of Municipal Affairs</p> <p><i>Municipal Government Act</i></p>	<p>*Land must be used for farm operations defined as “the raising, production and sale of agricultural products.”</p>	<p>Alberta - Ministry of Revenue</p> <p><i>Fuel Tax Act.</i></p> <p>Farm fuel distribution allowance.</p>
Saskatchewan	<p>Saskatchewan does not currently consider income in determining farm land property tax classifications for tax purposes.</p> <p>Minimum land base: one acre.*</p>	<p>Saskatchewan Assessment Management Agency</p> <p><i>The Rural Municipality Assessment and Taxation Regulations, 2006</i></p>	<p>*Agricultural land is primarily defined in provincial legislation as land, "for which the predominant potential use is cultivation, determined as the best use that could be reasonably be made of the majority of the surface area...". There is no requirement for property owners to submit statements from CRA.</p>	<p>Saskatchewan – Finance</p> <p>Farm Fuel Program</p> <ul style="list-style-type: none"> <li>• The person must own or rent at least 30 hectares (75 acres) of cultivated land in Saskatchewan that is used to grow cereal crops and is the holder of a Canadian Wheat Board Permit; or</li> <li>• The person received gross annual revenue of at least \$10,000 from the sale of primary farm products produced in Saskatchewan.</li> </ul>
Manitoba	<p>Manitoba does not have minimum income thresholds for eligibility for farm property class for property tax purposes.</p> <p>No minimum land use base required.*</p>	<p>Manitoba Intergovernmental Affairs</p> <p><i>The Municipal Assessment Act</i></p> <p><i>Classification of Property and Portioned Values Regulation</i></p>	<p>*Manitoba operates a market value assessment valuation based on a legislated reference year date. All lands are assessed at market value.</p> <p>However, to protect farm production, there is a provision in <i>The Municipal Assessment Act</i> provides farm land owners with the ability to request a “Farm Use” assessment. When such a request is made, the</p>	N/A



			<p>assessor determines whether there actually is a difference between the market value of the property and the value for farming alone. If there is a difference, the lower value will be applied to the property.</p> <p><i>The Municipal Assessment Act</i> states that the subject property must be in the farm class as defined by the <i>Classification of Property and Portioned Values Regulation</i>. It must also be used for "prescribed" farm purposes. Farm use assessments remain in effect for as long as the property is used for farm purposes. A change in use of the property will result in a required "tax payback" on the difference between the two values for a period of up to five years.</p>	
<p>Ontario</p>	<p>Although no specific definition of farm land is provided in the <i>Assessment Act</i>, farm land is generally described as "any tract of land devoted solely to agricultural purposes, under the management of a tenant or owner."*</p> <p>However, there are income requirements for property tax purposes. The property must be used as part of a farming operation generating Gross Farm Income (GFI) of at least \$7,000 as reported to CRA for income tax purposes. If the GFI is less than \$7,000, the property owner may still be eligible for the Farm Property Class tax rate if the owner satisfies the requirements for an exemption.*</p> <p>No minimum land use base required.</p>	<p><i>Ontario Property Assessment Corporation Act</i></p> <p>Municipal Property Assessment Corporation</p> <p>Farm Property Tax Class by the Ontario Ministry of Agriculture, Food and Rural Affairs</p>	<p>*Accurate farm values in Ontario are determined by extensive analysis, using only farmer-to-farmer sales as legislated by Section 19(5) of the <i>Assessment Act</i>. Farm values are based on the land's productive capability and other factors such as climate and location. It is important to note that the value of a farm is not based on the land's potential use (e.g., development).</p>	<p>N/A</p>





<p>Prince Edward Island</p>	<p>Bona fide farmers must earn (A) at least \$10,000 of the individual's gross annual income from farming, or (B) at least 25 percent of their gross annual income from farming, if they do not earn at least \$10,000 of their gross annual income from farming.*</p> <p>Farm enterprise is defined as: (A) a farm operation where a bona fide farmer has owned and operated at least a 20 acre area of farm property either for more than 10 years, or from which gross sales for the previous calendar year were in excess of \$2,500; or (B) a poultry, hog, greenhouse, or market garden enterprise, owned and operated by a bona fide farmer, either for more than 10 years or from which gross sales for the previous calendar year were in excess of \$10,000.</p>	<p>PEI Provincial Treasury</p> <p><i>Real Property Assessment Act</i></p>	<p>*A "bona fide farmer" can be an individual, corporation, partnership that meets respective criteria outlined in the <i>Real Property Assessment Act</i>; or, an individual, corporation or partnership that owns a farm and is registered in the Future Farmer Program.</p>	<p>N/A</p>
<p>Newfound-land and Labrador</p>	<p>No minimum gross income or minimum land use base required.*</p>	<p>The Municipal Assessment Agency, a Crown-owned agency created in 1997. The exception is the City of St. John's, which performs its own assessments.</p> <p><i>Assessment Act</i></p>	<p>*Any land inside a municipal planning area can be zoned for agriculture. Any land outside municipal boundaries does not have any zoning.</p>	<p>Newfoundland and Labrador Department of Finance Taxation and Fiscal Policy Branch <i>Gasoline Tax Act</i> \$5,000.</p>
<p>Quebec</p>	<p>\$5,000 and over to register as a farm. \$10,000 and over plus \$150/hectare to receive property tax rebates.*</p> <p>No minimum land base requirement.</p>	<p>Quebec Ministry of Agriculture, Fisheries and Food</p>	<p>*Income between \$5,000 - \$10,000 qualifies the producer for rebates on veterinary services, registration of farm vehicles and advice from the Ministry. \$10,000 and over plus \$150/hectare qualifies the producer for 70 percent property tax rebate.</p>	<p>N/A</p>



<p>New Brunswick</p>	<p>No minimum income threshold for eligibility for farm property class for property tax purposes. Eligibility is determined by the use of the property itself as opposed to the occupation or income of the owner.*</p> <p>Minimum land base: 5-ha (12-ac).**</p>	<p>New Brunswick Department of Finance</p> <p><i>Real Property Tax Act</i></p>	<p>*It operates on the concept of deferred property taxes which become payable only if the use of the property is changed or the owner requests to have the property withdrawn from the program.</p> <p>**Notable exceptions include market gardens, assessed on merit and farm outbuildings on small lots used for agricultural purposes.</p>	<p>New Brunswick Department of Finance.</p> <p><i>Gasoline and Motive Fuel Tax Act.</i></p> <p>Annual gross income at least \$5,000 in 2 fiscal years preceding date of application; or maintains or produces a specified number of animal or acres that is specific to each commodity.</p>
<p>Nova Scotia</p>	<p>No minimum gross income or minimum land use base required.*</p> <p>Government assistance programs have various income requirements.**</p>	<p>Nova Scotia Department of Agriculture - Program and Risk Management</p> <p>Property Valuation Services Corporation</p> <p><i>Assessment Act</i></p> <p><i>Property Valuation Services Corporation Act</i></p> <p><i>Farm Registration Act</i></p>	<p>*Any land used for farming purposes is assessed at the market value on a per acre basis.</p> <p>**For example, for the purpose of Farm Investment Fund, the income requirement is an annual gross farming income of \$10,000 or more. This income amount is based on the most recently completed year-end financial statements or Statement of Farming Activities. Up to 25 percent of sales of forest products may be included with eligible commodity sales/revenues to obtain the minimum income requirement of an annual gross farming income of \$10,000. Verification may be requested. The requirement of generating \$10,000 in farm income will be waived for new entrants.</p>	



<p>Yukon Territory</p>	<p>No minimum gross income or minimum land use base required.</p> <p>Land must be zoned agriculture and acquired under the agriculture land application process.*</p>	<p>Yukon Department of Community Services - Property Assessment and Taxation Branch</p> <p>Yukon Department of Energy, Mines and Resources - Agriculture Branch</p> <p><i>Assessment and Taxation Act</i></p>	<p>* In order to meet the land needs of the Yukon agriculture industry, the Yukon government periodically makes lots available in planned agriculture areas. All Yukon government agriculture land lotteries are governed by procedures outlined in the Yukon Agricultural Policy. This policy sets out the agricultural terms and conditions that have to be met by lottery winners.</p>	<p>N/A</p>
<p>Northwest Territories</p>	<p>No minimum gross income or minimum land use base required.</p>	<p>Northwest Territories Municipal and Community Affairs</p> <p><i>Property Assessment and Taxation Act</i></p>		<p>N/A</p>
<p>Nunavut</p>	<p>The 2006 Census of Agriculture did not identify any farms in Nunavut.</p>	<p>Nunavut Department of Community and Government Services</p> <p><i>Property Assessment and Taxation Act</i></p>		<p>N/A</p>



United States				
State	Minimum annual gross farm income and/or minimum land base	Authority	Notes	Minimum annual gross farm income, or legal requirements, for fuel tax exemption
Oregon	<p>Farm land in an Exclusive Farm-Use (EFU) zone and used primarily to make a profit in farming is qualified for special farm-use assessment. No minimum gross income or minimum land use base required.*</p> <p>There are income requirements for Farm land not in an EFU zone.**</p> <p><i>Statewide Planning Goal 3, Agricultural Lands</i>, spells out the precise legal definition of Agricultural Land. The goal defines agricultural land largely in terms of soil productivity, as measured under the U.S. Natural Resources Conservation Service's (formerly the Soil Conservation Service) Soil Capability Classification System.</p>	<p>Oregon State Department of Revenue - Real Property Assessment and Taxation</p> <p>Oregon State Department of Land Conservation and Development</p>	<p>*The farm-use value for each land class is determined using an income method. Using this approach, the assessor must determine the capitalization rate and the net income per acre of farmland. The net income is the typical gross annual return (farmland rent), minus typical expenses. The capitalization rate is the five-year average Farm Credit Services mortgage rate, plus the local property tax rate. When the net income per acre is divided by the capitalization rate, the result is the farm-use value per acre of farm land.</p> <p>**Income requirement for Farmland not in an EFU zone: if the land is 6 1/2 acres or less, the applicant's gross income from the farm use must be at least \$650. If the land is more than 6 1/2, but fewer than 30 acres, the gross income from the farm use must be \$100 multiplied by the number of acres. A fraction of an acre should be applied as a percentage in the calculation of the gross income requirement (e.g., 25.83 acres x \$100 = \$2,583 gross income). If the land is 30 or more acres, the gross income from the farm must be at least \$3,000. If the land is leased for farming to someone else, the owner</p>	N/A



			<p>needs to check with his/her county assessor for additional income requirements.</p> <p>***The definition of farm used for census purpose is "any place from which \$1,000 or more of agricultural products were produced and sold or normally would have been sold during the census year."</p>	
Washington	<p>Minimum income and land base* requirements are calculated as follows:</p> <p>1) Any parcel of land that is 20 or more acres, or multiple parcels of land that are contiguous and total 20 or more acres, and are:</p> <p>a) devoted primarily to the production of livestock or agricultural commodities for commercial purposes;</p> <p>b) enrolled in the federal conservation reserve program (CRP) or its successor administered by the United States Department of Agriculture.</p> <p>2) Any parcel of land that is five acres or more but less than 20 acres, is devoted primarily to agricultural uses, and has produced a gross income** equivalent to:</p> <p>a) prior to January 1, 1993, \$100 or more per acre per year for 3 of the 5 calendar years preceding the date of application for classification;</p> <p>b) on or after January 1, 1993, \$200 or more per acre per year for 3 of the 5 calendar years preceding the date of application for classification.</p> <p>3) Any parcel of land less than five acres devoted primarily to agricultural uses and has produced a gross income of:</p> <p>a) prior to January 1, 1993, \$1,000 or more per year for 3 of the 5 calendar</p>	<p>Washington State Department of Revenue</p> <p>Each County's Department of Assessments</p> <p><i>Open Space Taxation Act</i></p>	<p>*Farm land in Washington State is assessed at a "Current Use Value" rather than at "Highest Value" or "Best Use value". However an assessor is required to keep a record of the "Market Value" while the property is classified. If classification is removed or withdrawn, then the difference between the "Current Use Value" and "Market Value" becomes the basis for computing additional value for taxation purposes.</p> <p>All owners/operators of farm land must apply to be classified as farm land. One application (if approved) is all that is required, unless withdrawn or removed from classification.</p> <p>The primary residence of the farmer or farm operator (if located on 20 acres or more of farm land) will be classified as farm land and assessed as such.</p> <p>**For parcels of land 5 acres or more but less than 20 acres, "gross income from agricultural uses" includes, but is not limited to, the wholesale value of agricultural products</p>	N/A



	<p>years preceding the date of application for classification;</p> <p>b) on or after January 1, 1993, \$1,500 or more per year for 3 of the 5 calendar years preceding the date of application for classification.</p>		<p>donated to non-profit food banks or feeding programs.</p>	
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Note: The information above was retrieved and summarized as of December 2008. Latest updates may not be incorporated in this table.

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<sup>i</sup> Despite these minimums, there are exceptions where minimums are waived. The exceptions, and the room for interpretation by the assessor, vary from jurisdiction to jurisdiction. Some notable exceptions are: for start ups; if the application year is not normal; as a result of age or illness, or death of the owner's spouse or partner; or if the owner earns the greater part of his/her livelihood from the sale of primary agricultural products.

<sup>ii</sup> What is included in farm income varies from jurisdiction to jurisdiction. For example, British Columbia does not include value-added products, whereas Ontario makes provisions to include some value-added food manufacturing.